

STATE OF TENNESSEE

Office of the Attorney General



REGULATORY AUTHORITY

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October 3, 2001

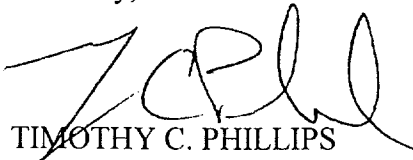
Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Petition of United Telephone Company to Change
and Increase Certain Intrastate Rates and Charges
so as to Permit it to Earn a Fair and Adequate Rate
of Return on its Property Used and Useful in
Furnishing Telephone Service to its Customers in
Tennessee and to Adopt New and Realistic
Depreciation Rates for Central Office Equipment
Docket No. 01-00451

Dear Mr. Waddell:

Enclosed is an original and thirteen copies of the Direct Testimony of Consumer Advocate Division witness, Robert T. Buckner, Coordinator of Regulatory Analysts in the above-referenced matter. Copies are being furnished to counsel of record for interested parties.

Sincerely,


TIMOTHY C. PHILLIPS
Assistant Attorney General

cc: Counsel of Record
49071

Before the

TENNESSEE REGULATORY AUTHORITY

**IN RE: PETITION OF UNITED TELEPHONE COMPANY
TO CHANGE AND INCREASE CERTAIN INTRASTATE
RATES AND CHARGES SO AS TO PERMIT IT TO EARN A
FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY
USED AND USEFUL IN FURNISHING TELEPHONE SERVICE
TO ITS CUSTOMERS IN TENNESSEE AND TO ADOPT NEW AND
REALISTIC DEPRECIATION RATES FOR CENTRAL OFFICE
EQUIPMENT
DOCKET NO. 01-00451**

**DIRECT TESTIMONY
OF
ROBERT T. BUCKNER**

October 3, 2001

1 **Q. Please state your name for the record.**

2 A. My name is Robert T. Buckner (“Terry”).

3

4 **Q. By whom are you employed and what is your position?**

5 A. I am employed by the Consumer Advocate and Protection Divi-
6 sion (“CAPD”) in the Office of the Attorney General for the State of
7 Tennessee as the Coordinator of Regulatory Analysts.

8

9 **Q. How long have you been employed in the utility industry?**

10 A. Approximately twenty four years. Before my employment with
11 the Attorney General, I was employed with the Tennessee Public
12 Service Commission (“Commission”) as a financial analyst for
13 approximately six years. Prior to my employment with the
14 Commission, I was employed by Telephone and Data Systems
15 (“TDS”) for eight years and the First Utility District of Knox County
16 for three years.

17

18 **Q. What is your educational background and what degrees do you**
19 **hold?**

20 A. I have a Bachelors degree in Business Administration from the
21 University of Tennessee, Knoxville with a major in Accounting. I am
22 also a Tennessee Certified Public Accountant and a member of the

1 American Institute of Certified Public Accountants ("AICPA").
2 Additional education background with respect to my qualifications is
3 provided in Exhibit No. 1 (Attachment A).
4

5 **Q. Would you briefly describe your responsibilities as a Regulatory**
6 **Analyst since your employment with the CAPD?**

7 A. I prepared testimony and exhibits as an employee with the
8 Commission before becoming a member of the CAPD. My
9 responsibilities have not changed significantly since becoming
10 employed with the CAPD.
11

12 **Q. What is the purpose of your testimony before the Tennessee**
13 **Regulatory Authority ("TRA")?**

14 A. The purpose of my testimony is to present a forecast of revenue,
15 expenses, taxes, rate base, a just and reasonable rate of return, and a
16 proposed rate design for United Telephone Company ("United") for
17 the attrition year ending December 31, 2002 in TRA Docket #01-
18 00451. CAPD Exhibit 1 is attached to reflect the summary financial
19 schedules of the forecast. Also, CAPD Exhibit 2 provides all the
20 detailed workpapers and calculations supporting the summary
21 financial schedules of the forecast.
22

1 **Q. Based upon your prepared forecast, what are your conclusions**
2 **for United for the attrition year 2002?**

3 A. The conclusions are: (1) increased local service rates are
4 unnecessary; (2) the increase in Central Office Equipment's ("COE")
5 depreciation rate from 4% to 8% as proposed by United should be
6 adopted; (3) the amortization amounts and the amortization period for
7 extraordinary COE retirements should be adopted; and (4) the
8 resulting excess earnings of \$229,110 could be used for further
9 amortization expense or eliminate the touch-tone calling charges for
10 every United customer. The determination for this amount is subject
11 to the discretion of the TRA.

12
13 **Q. Please identify the significant differences in revenues and related**
14 **issues regarding the forecast of operating revenues for United.**

15 A. In CAPD Exhibit 1, Schedule 4 indicates the differences in the
16 forecasted amounts between the CAPD and United. The operating
17 revenues projected by the CAPD are approximately \$1.6 million
18 greater than the operating revenues projected by United for the
19 attrition year. The significant issues regarding this \$1.6 million
20 include the following: (1) the CAPD has forecasted approximately \$1
21 million more in Local Service Revenue growth; and (2) net access
22 charge and long distance revenues are projected to be approximately

1 \$.6 million greater than the forecasted amount of United.

2

3 **Q. Please explain the issues and reasons for the forecast difference in**
4 **Local Service Revenues.**

5 A. The forecasted CAPD Local Service Revenue is based upon
6 two growth rates: (1) historical growth in access lines; and (2)
7 historical growth in revenues per access line. Recent history has
8 shown remarkable growth in both categories for United. Due to the
9 uncertainty of the present economic climate, the CAPD has used the
10 most recent year's growth rate for each category. The 2000 growth
11 rate for all access lines was 6.06% and 5.27% for revenues per access
12 line. Both growth rates are lower than the 1999 rates of 8.47% and
13 11.76% respectively. The 2000 growth rates, however, are more a
14 reflection of actual year to date 2001 growth. (See CAPD Exhibit 2,
15 Pages 4 and 5 of 62.)

16 United's forecasted amount of Local Service Revenue for the
17 attrition year is inexplicable. Their revised filing shows under present
18 rates a projection of \$2.9 million in Local Service Revenue for the
19 attrition year. This amount is \$.2 million less than the actual 2000
20 amount. Despite the admission by United's witnesses that (a) access
21 lines will grow (See Enoch Revised Exhibit 9;) and (b) access lines
22 have grown significantly in recent years (See Bivens Testimony, Page

1 4, Question 16.), their projection remains woefully understated. In
2 fact, based on the testimony of United's witnesses, this rate filing is
3 due in part to the projected increase in plant investment by United to
4 meet the growth and the demand for service in their exchange areas.
5 Thus, United's Local Service Revenue projection contradicts their
6 statements of plant investment growth and service demands.
7 Therefore, United's projection of Local Service Revenue is not only
8 inexplicable, but also implausible.

9
10 **Q. Please explain the issues and reasons for the forecast difference in**
11 **the net Access Charge Revenues and Long Distance Revenues.**

12 A. I believe the Access Charge difference is due to two
13 components: (1) an understated access line growth; and (2) a lack of
14 recognition of the new National Exchange Carrier Association
15 ("NECA") tariff filing effective July 1, 2001. The new tariff filed
16 under Transmittal No. 901 is scheduled to bring a 1.9% increase in
17 the Traffic Sensitive switched access and a 10.3% increase for the
18 composite Carrier Common Line ("CCL") rate. Therefore, the access
19 charge forecast of United is understated by \$.5 million.

20 The Long Distance Revenue difference is approximately \$.1
21 million due to the inclusion of an annualized negative revenue
22 amount by United. By its very nature, revenue cannot be negative.

1 Therefore, the \$.1 million in negative Long Distance Revenue as
2 forecasted by United should be dismissed.

3

4 **Q. Please identify the significant differences in expenses and related**
5 **issues regarding the forecast of operation and maintenance**
6 **expenses for United.**

7 A. In CAPD Exhibit 1, Schedule 3, lines 2 through 5 indicates the
8 differences in the forecasted expenses amounts between the CAPD
9 and United. The operation and maintenance expenses projected by
10 the CAPD are in total approximately \$.6 million lower than the
11 operation and maintenance expenses projected by United for the
12 attrition year. The significant issues regarding this \$.6 million include
13 the following: (1) the CAPD has forecasted approximately \$.2
14 million more in operations and maintenance expenses allocated to de-
15 tariffed operations; (2) the CAPD's forecasting methodology resulted
16 in approximately \$.3 million less in forecasted operations and
17 maintenance expenses; and (3) the CAPD excluded approximately \$.1
18 million less in forecasted operations and maintenance expenses due to
19 non-recurring items.

20

21

22

1 **Q. Please explain the issues and reasons for the forecast difference in**
2 **allocations to de-tariffed operations.**

3 A. As previously indicated, operation and maintenance expenses
4 associated with interstate billing and collections were not included in
5 the forecast. Approximately \$.062 million in customer operations
6 expenses were assigned to this activity based on a 6% cost
7 separations factor from another Tennessee local exchange carrier's
8 ("LEC") cost study. United does not normally perform a cost
9 separation study. Therefore, a reasonable surrogate was utilized in
10 the forecast for this docket. Additionally, United has an affiliated
11 long distance company, which is aptly named UTC Long Distance,
12 LLP ("UTCLD"). In lieu of any cost assignment or allocation,
13 UTCLD has a contract to pay \$1,200 per month to United for all of
14 their administration, accounting, data processing, management,
15 utilities, marketing, equipment and supplies. Also, United has loaned
16 UTCLD \$325,000 and as of December 31, 2000, UTCLD has
17 negative equity of \$374,060. Further, UTCLD has no fixed assets,
18 only current assets of \$108,613. UTCLD's revenues, however, have
19 grown from \$171,544 in 1998 to \$782,351 in 2000. In effect, due to
20 its non-allocation of costs, UTCLD is not operating presently as a
21 stand alone utility operation, but a funnel for revenues to United's
22 shareholders. Although UTCLD is operating at a small loss currently,

1 a future reduction in access charges would swing the revenues and
2 profits away from United to their affiliate. Therefore, it is appropriate
3 to properly allocate a portion of the costs to UTCLD. Using United's
4 present methodology of allocation, non-regulated revenues to total
5 revenues and including UTCLD's actual 2000 revenues grown at the
6 current access line growth rate in the calculation, generates \$.166
7 million of operations and maintenance costs being allocated from
8 United to UTCLD. This allocation of costs mitigates the potential for
9 significant cross-subsidization between the regulated and the non-
10 regulated operations, in this case UTCLD.

11 Coincidentally, the FCC initiated a proceeding in September to
12 review separate affiliate rules for incumbent independent local phone
13 carriers ("ILECs") pertaining to the provisioning of in-region, inter-
14 exchange services by ILECs. In FCC Docket #97-142, the FCC
15 states, "We conclude, however, that the independent LECs' control of
16 local exchange and exchange access facilities potentially enables
17 them to misallocate costs from their in-region, interexchange services,
18 discriminate against rivals of their interLATA affiliates, and engage
19 in other anticompetitive conduct....we recognize that, as long as these
20 carriers retain market power in providing local exchange and
21 exchange access services, they will retain some incentive and ability
22 to misallocate costs to local exchange and exchange access services,

1 to discriminate against their long distance competitors, and to engage
2 in other anticompetitive conduct.” (Released April 18, 1997, Pages 8,
3 10 Items 7, 10.) Although the language is directed toward the
4 Regional Bell Operating Companies (“RBOCs”), it underscores the
5 LEC’s ability to wrongly subsidize in this case United’s long distance
6 operations.

7
8 **Q. Please explain the issues and reasons for the forecast difference**
9 **due to forecast methodology.**

10 A. United’s forecast of operations and maintenance expenses was
11 primarily based upon 2000 actual amounts by account and grown by
12 rates as management deemed appropriate. In contrast, the CAPD
13 forecast, used in large part a zero-based forecasting method. All
14 employees, employee benefits and rents were priced out at actual
15 rates and levels. The residual operations and maintenance expense
16 known as “Other” for the year 2000 was grown at half the projected
17 access line growth rate plus an inflation rate (GDP-Chained Price
18 Deflator) which totaled to a 5.18% annual growth. Therefore, the
19 CAPD forecast is \$.3 million less than the United forecast method.

1 **Q. Please explain the issues and reasons for the forecast difference**
2 **due to non-recurring items.**

3 A. As previously stated, United's forecast of operations and
4 maintenance expenses was primarily based upon 2000 actual amounts
5 by account and grown by rates as management deemed appropriate.
6 Their forecast includes amounts incurred in 2000 which by United's
7 own admission are from a prior period. Consequently, it would be
8 inappropriate to include those amounts in a prospective forecast. The
9 CAPD forecast excludes \$.1 million of non-recurring items.

10

11 **Q. Please explain the forecast of depreciation and amortization**
12 **expense.**

13 A. In CAPD Exhibit 1, Schedule 3, line 9 indicates the difference
14 in the forecasted amounts between the CAPD and United under
15 present rates. United filed testimony and other made statements in its
16 original petition which set forth a need to reduce the depreciation life
17 on its COE, "from the present twenty-five year life to a more realistic
18 12 ½ year life." (See Original Petition dated May 22, 2001, Page 5,
19 Item 9.) United also included in its forecast under proposed rates a
20 ten year amortization amount of an extraordinary retirement of COE.
21 (See Original Enoch Testimony dated May 22, 2001, Page 2,
22 Question 10.) Additionally, though not mentioned specifically in the

1 petition or testimony, United has changed certain depreciation rates
2 for various accounts from their TRA approved rates in their forecast.

3 The CAPD has adopted only the increased depreciation rate for
4 COE and the amortization expense in its forecast. The COE
5 depreciation rate is identical to the rate agreed to in the earnings
6 settlement of the Telephone Electronic Corporation operating
7 companies in Tennessee (TRA Docket #99-00995.) The CAPD's
8 calculation of depreciation and amortization expense is higher than
9 United's under present rates amount by approximately \$.1 million.
10 United has adopted new rates not only for COE, but for other
11 accounts as well. United's depreciation expense, however, is higher
12 under proposed rates when the extraordinary retirement amortization
13 is added.

14
15 **Q. Please explain the forecast of operating taxes.**

16 A. In CAPD Exhibit 1, Schedule 5, lines 1 through 8 and
17 Schedule 6 indicates the forecasted amounts of the CAPD and United
18 (Schedule 5 only). There are basically two types of taxes included in
19 setting rates. The first type is "Other Operating Taxes," which are
20 taxes primarily based on net plant investment value. Included in this
21 category are property taxes and state franchise taxes. Also included is
22 the TRA inspection fee which is based on intrastate revenues. The

1 primary forecast difference of approximately \$.1 million is due to the
2 failure of United to recognize a 15% reduction in public utility
3 assessments as found by the Tennessee Board of Equalization.

4 The second type is "State and Federal Income Taxes," which
5 are taxes based on the obvious, the amount of net taxable income.
6 The primary forecast difference is due to United's computation of
7 interest expense deducted for regulated incomes tax purposes. The
8 CAPD used the capital structure furnished by United not only in
9 setting a rate of return, but also to calculate the amount of interest
10 deducted for regulated income tax purposes. United has forecasted a
11 low interest expense amount, which increases the amount of income
12 taxes included in their forecast. Conversely, United's net operating
13 income is understated for calculating a rate of return.

14

15 **Q. Please explain the forecast of rate base.**

16 A. CAPD Exhibit 1, Schedule 2, lines 1 through 11 indicates the
17 differences in the forecasted amounts between the CAPD and United.
18 The most significant difference is the inclusion of the unamortized
19 extraordinary retirement of COE by United. Essentially, United is
20 asking the ratepayers for a profit on different equipment for the same
21 exchanges. Some equipment has been retired, while the other
22 equipment is presently in operation. On April 16, 1996, the

1 Commission (Docket #95-02224) approved a settlement agreement
2 between the CAPD and United which stated that, "All excess
3 revenues....be used for amortization expense of Central Office
4 Equipment retirements." According to their responses to data
5 requests, United booked approximately \$2.4 million in amortization
6 expense from 1995 through 2000. Again, United is asking for
7 approximately \$3.2 million in amortization expense over the next ten
8 years beginning in 2002. While the CAPD has included the annual
9 amortization expense of \$321,076 in its forecast, it has excluded the
10 unamortized amount from rate base. The ratepayers should not have
11 to bear the cost of imprudent purchases, and their related lack of
12 technical documentation. United's shareholders alone are at risk and
13 are responsible for the provision of imprudent telecommunication
14 services.

15

16 **Q. Please explain the calculation of a just and reasonable rate of**
17 **return.**

18 A. In CAPD Exhibit 1, Schedule 8, lines 1 through 10, a
19 calculation of a just and reasonable return is shown. While the CAPD
20 has no objection to the 11.50% cost of equity as asked for by United,
21 the overall rate of return remains deficient. United is an average
22 schedule settlement company for interstate access charges. More

1 simply put, United adopted a nationwide average for their interstate
2 cost of service, which by NECA tariff allows a 11.25% rate of return
3 on interstate investment. The CAPD has assigned an average 25% of
4 United's cost of service for interstate operations, which is
5 representative of most ILECs in Tennessee. The resulting hybrid rate
6 of return recommended by the CAPD is 7.87%. This methodology
7 was adopted by the Commission to foreclose ILECs from setting
8 intrastate rates on a cost basis, but setting interstate rates on a
9 combined basis for interstate purposes.

10

11 **Q. Please explain rate design recommendations.**

12 A. In United's original petition, it states that a \$2.00 per month
13 temporary credit per residential line and a \$4.00 per month temporary
14 credit were placed in effect by Commission Order No. U86-7475.
15 Further, the petition states, "These "temporary" credits were placed in
16 effect in 1988 because of an over earning situation and were **intended**
17 to be temporary." (Page 5, Item 10 Emphasis added.) In CAPD
18 Exhibit 3, a history of earnings by United is shown, which indicates
19 that United has surpassed its authorized rate of return in every year
20 since 1988 save the year 2000. The reported earnings for this period
21 remain dubious due to the inclusion of unamortized extraordinary
22 COE retirements, phantom plant under construction amounts in rate

1 base and overstated operating taxes. Also, the aforementioned out of
2 period expenses included in 2000 detract from the true earnings for
3 the period.

4 Therefore, it is recommended that United be ordered to re-file
5 tariffs with the \$2.00 and \$4.00 credit included in their local
6 exchange rates. As shown in the financial exhibits, United does not
7 merit further rate relief at this time. Again, if the TRA so desires,
8 there are sufficient forecast earnings to eliminate touch-tone charges
9 for every customer.

10

11 **Q. Do you have other concerns regarding the petitions for increasing**
12 **rates?**

13 A. Yes. It is clear that there are two over-riding motivations for
14 United's petition: (1) the consternation of United over the temporary
15 credits being in place for such longevity; and (2) the contention that
16 the Rural Utilities Service ("RUS") will not approve United's loan
17 application unless a rate increase is granted. As the financial record
18 indicates, both historical and forecasted, the credits were justified and
19 appropriate. Despite this record, United has filed three different sets
20 of exhibits with the CAPD, two of which are entered with the TRA.
21 These supplemental exhibits are indicative of United's intent to
22 ignore reality and submit a forecast to somehow achieve their goal.

1 As for the second motivation, United has cited no authority under
2 which the RUS can compel any state regulatory agency to increase
3 rates. While the CAPD supports the benefit of low cost loans, it
4 cannot agree with the RUS's financial conclusions regarding a rate
5 increase. Presently, the RUS will not furnish their documents nor
6 discuss their conclusions. A Freedom of Information Act ("FOIA")
7 document could be submitted to pierce the veil of propriety. Also,
8 United could apply for a lower loan amount to comply with the RUS
9 financial standards.

10 However, there is a much more troubling aspect of United's
11 financial condition, which is the comparison of their submitted capital
12 structure of approximately \$50 million to their rate base of
13 approximately \$41 million. Where is the \$9 million difference?
14 Normally, an RUS company like United would accumulate cash
15 because the repayment of the debt is longer than the life of the plant
16 investment and tax depreciation rates are higher than book
17 depreciation rates. In this circumstance, United is an anomaly.
18 United has invested in a long distance company, a now aborted cable
19 TV operation, personal communication services ("PCS") and other
20 non-traditional wire-line activities. Consequently, these investment
21 activities have put a financial strain on United's regulated operations,
22 because rates can only be set on \$41 million of rate base. Also, the

1 remaining \$9 million of capital is not providing a return on its
2 investment as of this date. Therefore, United is encouraged to be
3 more circumspect in future investment activities and its management
4 of cash flow. As a result, the approval of future debt borrowing to
5 meet the demands of plant investment growth will not be hindered.
6

7 **Q. Any final comments?**

8 A. Yes, I want to commend the employees of United who assisted the
9 CAPD in the investigation of their petition. For the most part, they
10 were diligent in complying with our requests and questions in a
11 timely fashion. While our positions on this matter are at odds, their
12 cooperation is greatly appreciated.
13

14 **Q. Does this conclude your testimony?**

15 A. Yes, it does.
16
17
18
19
20
21
22

Attachment A

Robert T. Buckner (Terry)

Senior Regulatory Analyst

Office of the Attorney General for the State of Tennessee

Consumer Advocate Division

Additional Education Background:

Micro-Computer Training, **University of Wisconsin, Madison**

Cost Separations School, **United States Telephone Association, San Diego**

Rate Case School, **Arthur Andersen LLP, Chicago**

Telecommunications Conference, **University of Georgia, Athens**

NARUC Conference, **Michigan State University, Lansing**

Management Training Seminar, **Vanderbilt University**

Interstate Access Settlements, **National Exchange Carrier Association**

SEARUC Conferences, **Birmingham, AL. and Charleston, S.C.**

Telephone Plant Accounting Program, **Ernst and Young LLP, Atlanta**

BEFORE THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE: PETITION OF UNITED TELEPHONE)
COMPANY TO CHANGE AND INCREASE)
CERTAIN INTRASTATE RATES AND CHARGES)
SO AS TO PERMIT IT TO EARN A FAIR AND) DOCKET NO. 01-00451
ADEQUATE RATE OF RETURN ON ITS)
PROPERTY USED AND USEFUL IN FURNISHING)
TELEPHONE SERVICE TO ITS CUSTOMERS)
IN TENNESSEE AND TO ADOPT NEW AND)
REALISTIC DEPRECIATION RATES FOR)
CENTRAL OFFICE EQUIPMENT)

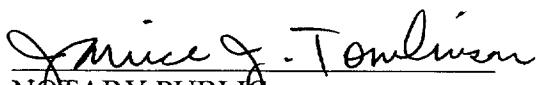
AFFIDAVIT

I, Robert T. Buckner, Coordinator of Regulatory Analysts, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.



Robert T. Buckner

Sworn to and subscribed before me
this 3rd day of October, 2001.


NOTARY PUBLIC

My commission expires: 1/25/2003

Before the

TENNESSEE REGULATORY AUTHORITY

**IN RE: PETITION OF UNITED TELEPHONE COMPANY
TO CHANGE AND INCREASE CERTAIN INTRASTATE
RATES AND CHARGES SO AS TO PERMIT IT TO EARN A
FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY
USED AND USEFUL IN FURNISHING TELEPHONE SERVICE
TO ITS CUSTOMERS IN TENNESSEE AND TO ADOPT NEW AND
REALISTIC DEPRECIATION RATES FOR CENTRAL OFFICE
EQUIPMENT
DOCKET NO. 01-00451**

CAPD EXHIBITS

October 3, 2001

United Telephone Company
Index to Exhibits
For the Year Ending December 31, 2002

| | <u>Schedule No.</u> |
|---|---------------------|
| Results of Operations and (Revenue Deficiency) Revenue Excess | 1 |
| Comparative Rate Base | 2 |
| Comparative Income Statement | 3 |
| Comparative Operating Revenues by Revenue Category | 4 |
| Taxes Other Than Income Taxes | 5 |
| Excise and Income Taxes | 6 |
| Revenue Conversion Factor | 7 |
| Cost of Capital | 8 |

United Telephone Company
Results of Operations and (Revenue Deficiency) Revenue Excess
For the Year Ending December 31, 2002

| Line No. | | CAPD | | Company | E/ | Difference |
|-------------|--------------------------------------|-------------------|----|-----------------------|----|---------------------|
| 1 | Rate Base | \$ 40,671,865 | A/ | \$ 41,064,144 | | \$ (392,279) |
| 2 | Operating Income at Present Rates | 3,338,365 | B/ | 1,907,181 | | 1,431,184 |
| 3 | Earned Rate of Return | 8.21% | | 4.644% | | 3.56% |
| 4 | Fair Rate of Return | 7.87% | C/ | 6.740% | | 1.13% |
| 5 | Required Operating Income | 3,199,780 | | 2,767,568 | | 432,211 |
| 6 | Operating Income (Deficiency) Excess | 138,586 | | (860,387) | | 998,973 |
| 7 | Gross Revenue Conversion Factor | 0.604890 | D/ | 0.613088 | | (0.008198) |
| 8 | Revenue (Deficiency) Excess | <u>\$ 229,110</u> | | <u>\$ (1,403,367)</u> | | <u>\$ 1,632,477</u> |

A/ Schedule 2, Line 11.

B/ Schedule 3, Line 19.

C/ Schedule 8, Line 5.

D/ Schedule 7, Line 9.

E/ Revised Enoch Exhibit 1.

United Telephone Company
Comparative Rate Base
For the Year Ending December 31, 2002

| Line No. | | CAPD | | Company | B/ Difference |
|-------------|---|----------------------|----|----------------------|-----------------------|
| 1 | Utility Plant in Service Including CWIP | \$ 55,876,534 | A/ | \$ 55,854,613 | \$ 21,921 |
| 2 | Unamortized Extraordinary Retirement | - | | 3,050,224 | (3,050,224) |
| 2 | Materials and Supplies | 381,155 | C/ | 300,000 | 81,155 |
| 3 | Working Capital | 307,001 | D/ | 350,000 | (42,999) |
| 4 | Total Additions | <u>\$ 56,564,690</u> | | <u>\$ 59,554,837</u> | <u>\$ (2,990,147)</u> |
| 5 | Accumulated Depreciation | \$ 10,381,688 | E/ | \$ 13,635,068 | \$ (3,253,380) |
| 6 | Accumulated Deferred Income Taxes | 5,387,834 | F/ | 4,779,657 | 608,177 |
| 7 | Unamortized ITC - pre 1971 | 68,468 | | 68,468 | - |
| 8 | Customer Deposits | 54,835 | G/ | 7,500 | 47,335 |
| 9 | | - | | - | - |
| 10 | Total Deductions | <u>\$ 15,892,825</u> | | <u>\$ 18,490,693</u> | <u>\$ (2,597,868)</u> |
| 11 | Rate Base | <u>\$ 40,671,865</u> | | <u>\$ 41,064,144</u> | <u>\$ (392,279)</u> |

A/ WP RTB-305A.

B/ Revised Enoch Exhibit 2.

C/ WP RTB-300.

D/ Schedule 3, sum of Lines 2-5 divided by 12.

E/ WP RTB-314A.

F/ WP RTB-302A.

G/ WP RTB-301.

United Telephone Company
Comparative Income Statement
For the Year Ending December 31, 2002

| Line No. | | CAPD | | Company | | Difference |
|----------|--|----------------------|----|---------------------|----|---------------------|
| 1 | Total Revenues | <u>\$ 11,541,316</u> | A/ | <u>\$ 9,983,266</u> | B/ | <u>\$ 1,558,050</u> |
| 2 | Plant Specific | 1,474,826 | C/ | 1,609,718 | D/ | (134,892) |
| 3 | Plant Non-Specific(Excluding Depreciation) | 338,721 | E/ | 391,629 | F/ | (52,908) |
| 4 | Customer Operations | 887,661 | G/ | 1,131,974 | H/ | (244,313) |
| 5 | Corporate Operations | 982,804 | I/ | 1,110,259 | J/ | (127,455) |
| 6 | | - | | - | | - |
| 7 | | - | | - | | - |
| 8 | Interest on Customer Deposits | 2,017 | K/ | - | | 2,017 |
| 9 | Depreciation and Amortization Expense | 2,978,888 | L/ | 2,855,886 | M/ | 123,002 |
| 10 | Taxes Other Than Income | 740,351 | N/ | 829,200 | O/ | (88,849) |
| 11 | Operating Income Taxes | 797,683 | P/ | 147,420 | Q/ | 650,263 |
| 12 | | - | | - | | - |
| 13 | | - | | - | | - |
| 14 | | - | | - | | - |
| 15 | Total Operating Expense | <u>\$ 8,202,951</u> | | <u>\$ 8,076,086</u> | | <u>\$ 126,865</u> |
| 16 | Net Operating Income | \$ 3,338,365 | | \$ 1,907,181 | | \$ 1,431,185 |
| 17 | AFUDC | - | | - | | - |
| 18 | Net Operating Income for Return | <u>\$ 3,338,365</u> | | <u>\$ 1,907,181</u> | | <u>\$ 1,431,185</u> |

A/ Schedule 4.

B/ Revised Enoch Exhibit 5, LINE 1.

C/ WP RTB-209.

D/ Enoch Exhibit 5, LINE 2.

E/ WP RTB-209.

F/ Enoch Exhibit 5, LINE 3.

G/ WP RTB-209.

H/ Enoch Exhibit 5 LINE 4.

I/ WP RTB-209.

J/ Revised Enoch Exhibit 5, Line 5.

K/ 6% Interest Rate * Customer Deposits * .613088.

L/ WP RTB-314A.

M/ Revised Enoch Exhibit 5, Line 6.

N/ Schedule 5, Line 8.

O/ Revised Enoch Exhibit 5, Line 7.

P/ Schedule 7. Sum of Lines 21 and 31.

Q/ Revised Enoch Exhibit 5, Line 8.

United Telephone Company
Operating Revenues
For the Year Ending December 31, 2002

| Line No. | | CAPD | | Company | B/ Difference |
|-------------|-------------------------------|----------------------|----|---------------------|---------------------|
| 1 | Local Service Revenue | \$ 3,909,858 | A/ | \$ 2,926,755 | \$ 983,103 |
| 2 | Network Access Service | 7,040,401 | C/ | 6,589,406 | 450,995 |
| 3 | Long Distance Network Service | - | D/ | (112,110) | 112,110 |
| 4 | Miscellaneous Revenue | 688,803 | E/ | 720,237 | (31,434) |
| 5 | Uncollectible Expense | (97,746) | F/ | (141,022) | 43,276 |
| 6 | Total Operating Revenues | <u>\$ 11,541,316</u> | | <u>\$ 9,983,266</u> | <u>\$ 1,558,050</u> |

A/ WP RTB-100.

B/ Revised Enoch Exhibit 6.

C/ WPs RTB-111, RTB-109, RTB-114, RTB-117.

D/ Revised Enoch Exhibit 6.

F/ WP RTB-120.

F/ WP RTB-122.

United Telephone Company
Taxes Other Than Income Taxes
For the Year Ending December 31, 2002

| Line No. | | CAPD | | Company | B/ Difference |
|-------------|-------------------------------------|-------------------|----|-------------------|--------------------|
| 1 | Property Taxes | \$ 598,000 | A/ | \$ 673,112 | \$ (75,112) |
| 2 | Gross Receipts Tax | - | | - | - |
| 3 | FICA Tax | - | | - | - |
| 4 | Unemployment Taxes | - | | - | - |
| 5 | Franchise Tax | 127,101 | C/ | 144,088 | (16,987) |
| 6 | Other General Taxes | - | | - | - |
| 7 | TRA Inspection Fee | 15,250 | D/ | 12,000 | 3,250 |
| 8 | Total Taxes Other Than Income Taxes | <u>\$ 740,351</u> | | <u>\$ 829,200</u> | <u>\$ (88,849)</u> |

A/ WP RTB-401.

B/ Revised Enoch Exhibit 7.

C/ WP RTB-402A.

D/ WP RTB-400.

United Telephone Company
Excise and Income Taxes
For the Year Ending December 31, 2002

| Line No. | | Attrition Amount | |
|-------------|--|---------------------|----|
| 1 | Total Revenues | \$ 11,541,316 | A/ |
| 2 | Plant Specific | 1,474,826 | A/ |
| 3 | Plant Non-Specific(Excluding Depreciation) | 338,721 | A/ |
| 4 | Customer Operations | 887,661 | A/ |
| 5 | Corporate Operations | 982,804 | A/ |
| 6 | Depreciation and Amortization Expense | 2,978,888 | A/ |
| 7 | Taxes Other Than Income | 740,351 | A/ |
| 8 | | - | A/ |
| 9 | | - | A/ |
| 10 | | - | A/ |
| 11 | | - | |
| 12 | | - | |
| 13 | | - | |
| 14 | NOI Before Excise and Income Taxes | \$ 4,138,065 | |
| 15 | AFUDC | - | |
| 16 | Interest Expense | 2,036,688 | B/ |
| 17 | Pre-tax Book Income | \$ 2,101,377 | |
| 18 | Schedule M Adjustments | - | |
| 19 | Excise Taxable Income | \$ 2,101,377 | |
| 20 | Excise Tax Rate | 6.00% | |
| 21 | Excise Tax | \$ 126,083 | |
| 22 | Pre-tax Book Income | \$ 2,101,377 | |
| 23 | Excise Tax | 126,083 | |
| 24 | Schedule M Adjustments | - | |
| 25 | FIT Taxable Income | \$ 1,975,294 | |
| 26 | FIT Rate | 34.00% | |
| 27 | Federal Income Tax Expense | \$ 671,600 | |
| 28 | ITC Amortization | - | |
| 29 | Amortization of Excess Deferred FIT | - | |
| 30 | Federal Income Tax Deferred FAS 109 | - | |
| 31 | Federal Income Tax Expense | \$ 671,600 | |

A/ Schedule 3.

B/ Schedule 1, line 1 * Weighted Cost of Debt per Schedule 8, lines 1-3.

United Telephone Company
Revenue Conversion Factor
For the Year Ending December 31, 2002

| <u>Line No.</u> | | <u>Amount</u> | <u>Balance</u> |
|---------------------|---------------------------|---------------|----------------|
| 1 | Operating Revenues | | 1.000000 |
| 2 | | | - |
| 3 | Balance | | 1.000000 |
| 4 | Uncollectible Ratio | 0.025000 | 0.025000 |
| 5 | Balance | | 0.975000 |
| 6 | State Excise Tax | 0.060000 | 0.058500 |
| 7 | Balance | | 0.916500 |
| 8 | Federal Income Tax | 0.340000 | 0.311610 |
| 9 | Revenue Conversion Factor | | 0.604890 |

United Telephone Company
Cost of Capital
For the Year Ending December 31, 2002

| Line No. | | A/ Ratio | A/ Cost | Weighted Cost |
|-------------|------------------------------------|-------------|------------|------------------|
| 1 | Long Term Debt | 0.373% | 2.00% | 0.007% |
| 2 | Long Term Debt | 22.813% | 5.00% | 1.141% |
| 3 | Long Term Debt | 61.752% | 6.25% | 3.860% |
| 4 | Common Stock and Equity | 15.062% | 11.500% | 1.732% |
| 5 | Total | 100.00% | | 6.74% |
| 6 | Percent Intrastate Operations | | | 75.00% |
| 7 | Weighted Intrastate Return | | | 5.05% |
| 8 | Percent Interstate Operations | | | 25.00% |
| 9 | Weighted Interstate Return @11.25% | | | 2.81% |
| 10 | Fair Rate of Return | | | 7.87% |

A/ Revised Enoch Exhibit 3.

RTB-100

CONSUMER ADVOCATE PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE LOCAL SERVICE REVENUE
1995-2002

| <u>LOCAL SERVICE REVENUES</u> | <u>AMOUNT</u> |
|-------------------------------|---------------|
| 1998 | 2,486,643 |
| % GROWTH | |
| 1999 | 2,779,001 |
| % GROWTH | 11.76% |
| 2000 | 3,136,563 |
| % GROWTH | 12.87% |
| ANNUAL GROWTH FROM 1998 | 12.31% |
| CAPD FORECAST 2001 | 3,501,901 |
| % GROWTH | 11.65% |
| CAPD FORECAST 2002 | 3,909,858 |
| % GROWTH | 11.65% |

SOURCE: TRA 3.01 REPORTS, WP RTB-103, RTB-104.

RTB-101

CONSUMER ADVOCATE PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE LOCAL SERVICE REVENUE
1995-2002

| <u>LOCAL SERVICE REVENUES</u> | <u>AMOUNT</u> |
|-------------------------------|---------------|
| 1998 | 2,486,643 |
| % GROWTH | |
| 1999 | 2,779,001 |
| % GROWTH | 11.76% |
| 2000 | 3,136,563 |
| % GROWTH | 12.87% |
| UNITED FORECAST 2001 | 2,713,441 |
| % GROWTH | -13.49% |
| UNITED FORECAST 2002 | 2,926,755 |
| % GROWTH | 7.86% |

SOURCE: REVISED UNITED EXHIBITS, TRA 3.01 REPORTS

RTB-102

CONSUMER ADVOCATE PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE LOCAL SERVICE REVENUE
1995-2002

| <u>LOCAL SERVICE REVENUES</u> | <u>UNITED</u> | <u>CAPD</u> | OVER(UNDER) <u>COMPANY</u> |
|-------------------------------|---------------|-------------|-------------------------------|
| 1998 | 2,486,643 | 2,486,643 | \$ - |
| % GROWTH | | | |
| 1999 | 2,779,001 | 2,779,001 | \$ - |
| % GROWTH | 11.76% | 11.76% | |
| 2000 | 3,136,563 | 3,136,563 | \$ - |
| % GROWTH | 12.87% | 12.87% | |
| FORECAST 2001 | 2,713,441 | 3,501,901 | \$ 788,460 |
| % GROWTH | -13.49% | 11.65% | |
| FORECAST 2002 | 2,926,755 | 3,909,858 | \$ 983,103 |
| % GROWTH | 7.86% | 11.65% | |

CONSUMER ADVOCATE PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE ACCESS LINES
1995-2002

RTB-103

| <u>ACCESS LINES</u> | <u>UNITED</u> | <u>CAPD</u> | OVER(UNDER) <u>COMPANY</u> |
|---------------------|---------------|-------------|-------------------------------|
| 1998 | 12,497 | 12,497 | - |
| % GROWTH | | | |
| 1999 | 13,556 | 13,556 | - |
| % GROWTH | 8.47% | 8.47% | |
| 2000 | 14,156 | 14,377 | 221 |
| % GROWTH | 4.43% | 6.06% | |
| FORECAST 2001 | 14,691 | 15,248 | 557 |
| % GROWTH | 3.78% | 6.06% | |
| FORECAST 2002 | 15,189 | 16,172 | 983 |
| % GROWTH | 3.39% | 6.06% | |

SOURCE: TRA 3.01 REPORTS, REVISED ENOCH EXHIBIT 9

CONSUMER ADVOCATE PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE LOCAL SERVICE REVENUE PER AVERAGE ACCESS LINE
1995-2002

RTB-104

| <u>LOCAL SERVICE REVENUES</u> | <u>UNITED</u> | <u>CAPD</u> |
|-------------------------------|---------------|-------------|
| 1998 | 190.89 | 190.89 |
| % GROWTH | | |
| 1999 | 213.33 | 213.33 |
| % GROWTH | 11.76% | 11.76% |
| 2000 | 226.37 | 224.58 |
| % GROWTH | 6.11% | 5.27% |
| CAPD FORECAST 2001 | 188.13 | 236.41 |
| % GROWTH | -16.89% | 5.27% |
| CAPD FORECAST 2002 | 195.90 | 248.87 |
| % GROWTH | 4.13% | 5.27% |

SOURCE: REVISED UNITED EXHIBITS, TRA 3.01 REPORTS

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE INTERSTATE MOU
FOR THE YEARS 1998-2002

RTB-105

| | UNITED | |
|-------------------------|---------------|---------------|
| | ----- | |
| 1998 | 28,141,334 A/ | 28,877,208 B/ |
| 1999 MOU | 32,157,780 A/ | 33,135,679 B/ |
| % GROWTH | 14.27% | 14.75% |
| 2000 MOU | 41,093,018 A/ | 41,689,006 B/ |
| % GROWTH | 27.79% | 25.81% |
| ANNUAL GROWTH FROM 1998 | 20.84% | 20.15% |
| CAPD FORECAST 2001 MOU | 43,636,676 | 44,269,555 |
| % GROWTH | 6.19% | 6.19% |
| CAPD FORECAST 2002 MOU | 46,337,786 | 47,009,841 |
| % GROWTH | 6.19% | 6.19% |

SOURCE: RESPONSE TO ITEM 10 OF CAPD DISCOVERY REQUEST DATED JUNE 14, 2001.

A/ NECA REPORTS PER ITEM 10.

B/ RESPONSE TO ITEM 9, PAGE 2 OF 40 OF CAPD DISCOVERY REQUEST DATED JUNE 14, 2001.

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE REVENUE/INTERSTATE MOU
FOR THE YEARS 1998-2002

RTB-106

| | | UNITED | |
|------|-----------------|--------|----|
| | | ----- | |
| 1998 | | 0.1086 | A/ |
| 1999 | | 0.0971 | A/ |
| 2000 | | 0.0832 | A/ |
| 2001 | UNITED FORECAST | - | |
| | CAPD FORECAST | 0.0804 | |
| 2002 | UNITED FORECAST | - | |
| | CAPD FORECAST | 0.0777 | |

A/ NECA REPORTS PER ITEM 10.

B/ RESPONSE TO ITEM 9, PAGE 2 OF 40 OF CAPD DISCOVERY REQUEST DATED JUNE 14, 2001.

RTB-111

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE INTERSTATE ACCESS (EXCLUDING B&C AND SPECIAL ACCESS)
FOR THE YEARS 1998-2002

| | UNITED |
|-----------------------------|--------------|
| 1998 | 3,055,549 A/ |
| 1999 REVENUES | 3,122,985 A/ |
| % GROWTH | 2.21% |
| 2000 REVENUES | 3,420,441 A/ |
| % GROWTH | 9.52% |
| ANNUAL GROWTH FROM 1998 | 5.80% |
| CAPD FORECAST 2001 REVENUES | 3,507,993 B/ |
| % GROWTH | 2.56% |
| CAPD FORECAST 2002 REVENUES | 3,600,717 B/ |
| % GROWTH | 2.64% |

A/ RESPONSE TO ITEM 10 OF CAPD DISCOVERY REQUEST DATED JUNE 14, 2001.

B/ 2000 ADJUSTED BY 7/1/01 NECA FILING OF 1.9% FOR TS SWITCHED ACCESS & 10.3% FOR CCL NOT INCLUDING SPECIAL ACCESS.

ALSO, CCL ACCESS IS GROWN BY 6.19% ACCESS LINE GROWTH PER YEAR.

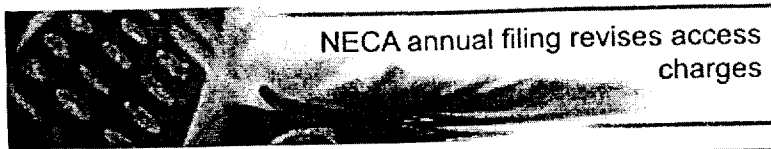
RTB-112

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE INTERSTATE REVENUES (EXCLUDING B&C, INCLUDING SPECIAL ACCESS)
FOR THE YEARS 1998-2002

| | UNITED | |
|-------------------------------|--------------|----|
| | ----- | |
| 1998 | \$ 3,055,549 | A/ |
| 1999 REVENUES | 3,122,985 | A/ |
| % GROWTH | 2.21% | |
| 2000 REVENUES | 3,420,441 | A/ |
| % GROWTH | 9.52% | |
| UNITED FORECAST 2001 REVENUES | 3,335,877 | B/ |
| % GROWTH | -2.47% | |
| UNITED FORECAST 2002 REVENUES | 3,437,157 | B/ |
| % GROWTH | 3.04% | |

A/ NECA REPORTS PER ITEM 10 OF CAPD DISCOVERY REQUEST DATED JUNE 14, 2001.

B/ RESPONSE TO REVISED ITEM 9, PAGE 2 OF 40 OF CAPD DISCOVERY REQUEST DATED SEPTEMBER 17, 2001.

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NECA annual filing revises access charges

Whippany, NJ - June 19, 2001 - The National Exchange Carrier Association, Inc. yesterday filed its annual access tariff revisions with the Federal Communications Commission. NECA's access tariff lists the rates that participating local phone companies charge long distance carriers for accessing the local network to originate and terminate calls. New rates, filed under Transmittal No. 901, are scheduled to be in effect from July 3 through June 30, 2002.

The filing introduced end user Federal Universal Service Charges to recover Universal Service Fund contributions, removing these costs from Carrier Common Line (CCL) rate calculations. While NECA filed the charges for recovery of its members' universal service contributions to be in compliance with a recent Commission order, it did so under protest. That order did not act on a recent NECA request to recover these contributions through an explicit per minute of use charge billed to long distance carriers, rather than the end user charge the FCC ordered.

Proposed rate changes include a 1.9 percent increase for Traffic Sensitive switched access and a 10.3 percent increase for the composite CCL rate. Traffic Sensitive special access rates remain unchanged from last year's annual revisions.

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RTB-107

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE COMPANY INTERLATA MOU
FOR THE YEARS 1998-2002

| | UNITED TELEPHONE |
|------------------------|---------------------|
| | ----- |
| 1998 | 7,783,141 |
| 1999 | 9,605,534 |
| % GROWTH | 23.41% |
| 2000 | 15,391,106 A/ |
| % GROWTH | 60.23% |
| CAPD FORECAST 2001 MOU | 16,323,807 |
| % GROWTH | 6.06% |
| CAPD FORECAST 2002 MOU | 17,313,030 |
| % GROWTH | 6.06% |

A/ TRA DATA REQUEST DATED 8/14/01, ITEM 4.

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE COMPANY INTERLATA ACCESS
FOR THE YEARS 1998-2002

| | UNITED |
|----------------------|-----------|
| 1998 | 291,364 |
| 1999 | 389,122 |
| % GROWTH | 33.55% |
| 2000 | 1,041,376 |
| % GROWTH | 167.62% |
| UNITED FORECAST 2001 | 983,937 |
| % GROWTH | -5.52% |
| UNITED FORECAST 2002 | 995,707 |
| % GROWTH | 1.20% |

SOURCE: CAPD DATA REQUEST DATED 7/27/01, ITEM 49.

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE COMPANY INTERLATA ACCESS
FOR THE YEARS 1998-2002

| | UNITED |
|--------------------|--------------|
| 1998 | 291,364 |
| 1999 | 389,122 |
| % GROWTH | 33.55% |
| 2000 | 1,041,376 A/ |
| % GROWTH | 167.62% |
| CAPD FORECAST 2001 | 1,105,122 |
| % GROWTH | 6.12% |
| CAPD FORECAST 2002 | 1,172,092 |
| % GROWTH | 6.06% |

A/ TRA DATA REQUEST DATED 8/14/01, ITEM 4.

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE INTERLATA ACCESS PER AVERAGE ACCESS LINE
FOR THE YEARS 1998-2002

| | |
|--------------------|--------|
| 1998 | 0.0374 |
| % GROWTH | |
| 1999 | 0.0405 |
| % GROWTH | 8.21% |
| 2000 | 0.0677 |
| % GROWTH | 67.02% |
| CAPD FORECAST 2001 | 0.0677 |
| % GROWTH | 0.06% |
| CAPD FORECAST 2002 | 0.0677 |
| % GROWTH | 0.00% |

INTRALATA

TRA #01-00451
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CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED, INC. INTRALATA MOU
FOR THE YEARS 1998-2002

| | UNITED | |
|------------------------|---------------|---------------|
| | ----- | |
| 1998 | 22,730,397 A/ | 23,028,146 B/ |
| 1999 | 24,004,877 A/ | 24,373,765 B/ |
| % GROWTH | 5.61% | 5.84% |
| 2000 | 22,524,750 A/ | 22,671,197 B/ |
| % GROWTH | -6.17% | -6.99% |
| CAPD FORECAST 2001 MOU | 22,671,197 | 22,671,197 |
| % GROWTH | 0.65% | 0.00% |
| CAPD FORECAST 2002 MOU | 22,671,197 | 22,671,197 |
| % GROWTH | 0.00% | 0.00% |

A/ BELLSOUTH SN-642 PER ITEM 11 OF JUNE 14, 2001 CAPD DISCOVERY REQUEST.
B/ PER PAGES 2-4 OF ITEM 11 OF JUNE 14, 2001 CAPD DISCOVERY REQUEST.

INTRALATA

TRA #01-00451

CAPD Exhibit 2

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RTB-114

CONSUMER ADVOCATE AND PROTECTION DIVISION
 ANALYSIS OF UNITED TELEPHONE INTRALATA REVENUES (EXCLUDING B&C)
 FOR THE YEARS 1998-2002

| | EXCLUDING B&C | INCLUDING B&C |
|-----------------------------|---------------|---------------|
| | ----- | ----- |
| 1998 | 1,774,665 A/ | 2,231,454 B/ |
| 1999 | 1,859,790 A/ | 2,366,781 B/ |
| % GROWTH | 4.80% | 6.06% |
| 2000 | 1,835,671 C/ | 2,220,920 D/ |
| % GROWTH | -1.30% | -6.16% |
| CAPD FORECAST 2001 REVENUES | 1,867,281 E/ | |
| % GROWTH | 1.72% | |
| CAPD FORECAST 2002 REVENUES | 1,899,435 F/ | |
| % GROWTH | 1.72% | |

A/ EXCLUDING B&C PER RESPONSE TO ITEM 49 OF DATA REQUEST DATED 7/27/01.

B/ PER BELL SETTLEMENT FORMS SN-642.

C/ EXCLUDING PPA FOR WIRELESS OF \$67,525 PER RESPONSE TO ITEM 49 OF DATA REQUEST DATED 7/27/01.

D/ PER BELL SETTLEMENT FORMS SN-642, EXCLUDING PPA FOR WIRELESS OF \$67,525.

E/ NOTE: 7 MONTHS ACTUAL PER BELL SOUTH SETTLEMENT FORMS SN-642 ANNUALIZED \$1,841,836.

F/ INCLUDES \$19,675 FROM OTHER CARRIERS PER ITEM 4 OF TRA DATA REQUEST DATED AUGUST 13, 2001.

INTRALATA

TRA #01-00451

CAPD Exhibit 2

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CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE INTRALATA REVENUES
FOR THE YEARS 1998-2002

| | UNITED | |
|-------------------------------|-----------|----|
| | ----- | |
| 1998 | 1,774,665 | A/ |
| 1999 | 1,859,790 | A/ |
| % GROWTH | 4.80% | |
| 2000 | 1,889,207 | A/ |
| % GROWTH | 1.58% | |
| UNITED FORECAST 2001 REVENUES | 1,516,063 | B/ |
| % GROWTH | -19.75% | |
| UNITED FORECAST 2002 REVENUES | 1,504,293 | B/ |
| % GROWTH | -0.78% | |

A/ BELLSOUTH SN-642 PER ITEM 11 OF JUNE 14, 2001 CAPD REQUEST.
B/ PER RESPONSES TO ITEM 49 OF 6/27/01 CAPD REQUEST EXCLUDING B&C.

INTRALATA

TRA #01-00451
CAPD Exhibit 2
Page 18 of 62
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CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE REVENUE/INTRALATA MOU
FOR THE YEARS 1998-2002

| | AMOUNT | EXCLUDING B&C |
|------|-----------|------------------|
| | ----- | ----- |
| 1998 | 0.0781 | 0.0969 |
| 1999 | 0.0775 | 0.0971 |
| 2000 | 0.0811 | 0.0980 |
| 2001 | 0.0854 A/ | - |
| 2002 | 0.0854 | - |

SOURCE: BELLSOUTH SN-642 PER ITEM 11 OF JUNE 14, 2001 CAPD REQUEST.
A/ PER ACTUAL 7 MONTHS ENDED JULY 2001.

CONSUMER ADVOCATE DIVISION
ANALYSIS OF UNITED TELEPHONE INTRASTATE/INTERSTATE SPECIAL ACCESS REVENUES
FOR THE YEARS 1998-2002

| | INTRASTATE | INTERSTATE |
|----------------------|------------|------------|
| | ----- | ----- |
| 1998 | \$ - | \$ 94,238 |
| 1999 | - | 60,075 |
| 2000 | 171,548 | 99,918 |
| CAPD FORECAST 2001 | 210,133 | 125,745 |
| CAPD FORECAST 2002 | 229,045 | 137,062 |
| 1998 | \$ - | 94,238 |
| 1999 | - | 60,075 |
| 2000 | 171,548 | 99,918 |
| UNITED FORECAST 2001 | 210,133 | 125,745 |
| UNITED FORECAST 2002 | 229,045 | 137,062 |

SOURCE: REVISED ENOCH EXHIBIT 10 AND RESPONSE TO ITEM 9, PAGE 2 OF 40 OF CAPD DISCOVER
REQUEST DATED JUNE 14, 2001.

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE MISC. REVENUES/INCLUDES B&C
FOR THE YEARS 1992-2002

RTB-118

| | <u>UNITED</u> |
|----------------------|---------------|
| 1988 | \$ - |
| % GROWTH | |
| 1989 | - |
| % GROWTH | |
| 1990 | - |
| % GROWTH | |
| 1991 | - |
| % GROWTH | |
| 1992 | 301,998 |
| % GROWTH | |
| 1993 | 306,385 |
| % GROWTH | 1.45% |
| 1994 | 315,671 |
| % GROWTH | 3.03% |
| 1995 | 765,453 |
| % GROWTH | 142.48% |
| 1996 | 930,815 |
| % GROWTH | 21.60% |
| 1997 | 1,115,653 |
| % GROWTH | 19.86% |
| 1998 | 839,876 |
| % GROWTH | -24.72% |
| ANNUAL GROWTH RATE | 18.59% |
| 1999 | 840,393 |
| % GROWTH | 0.06% |
| 2000 | 793,270 |
| % GROWTH | -5.61% |
| 2001 UNITED FORECAST | 703,474 |
| % GROWTH | -11.32% |
| 2002 UNITED FORECAST | 720,237 |
| % GROWTH | 2.38% |

SOURCE: REVISED UNITED EXHIBITS, TRA 3.01 REPORTS

RTB-119

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE MISC. REVENUES/INCLUDES B&C
FOR THE YEARS 1992-2002

| <u>ADJUSTED*</u> | <u>UNITED</u> |
|----------------------|---------------|
| 1988 | \$ - |
| % GROWTH | |
| 1989 | - |
| % GROWTH | |
| 1990 | - |
| % GROWTH | |
| 1991 | - |
| % GROWTH | |
| 1992 | 301,998 |
| % GROWTH | |
| 1993 | 306,385 |
| % GROWTH | 1.45% |
| 1994 | 315,671 |
| % GROWTH | 3.03% |
| 1995 | 765,453 |
| % GROWTH | 142.48% |
| 1996 | 930,815 |
| % GROWTH | 21.60% |
| 1997 | 1,115,653 |
| % GROWTH | 19.86% |
| 1998 | 1,192,300 |
| % GROWTH | 6.87% |
| ANNUAL GROWTH RATE | 25.72% |
| 1999 | 1,353,182 |
| % GROWTH | 13.49% |
| 2000 | 577,826 |
| % GROWTH | -57.30% |
| 2001 UNITED FORECAST | 703,474 |
| % GROWTH | 21.74% |
| 2002 UNITED FORECAST | 720,237 |
| % GROWTH | 2.38% |

* ACTUAL ADJUSTED PER THE TRA 3.01 SURVEILLANCE REPORTS.

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE MISC. REVENUES/INCLUDES B&C
FOR THE YEARS 1992-2002 RTB-120

| <u>ADJUSTED*</u> | <u>UNITED</u> |
|--------------------|---------------|
| 1988 | \$ - |
| % GROWTH | |
| 1989 | - |
| % GROWTH | |
| 1990 | - |
| % GROWTH | |
| 1991 | - |
| % GROWTH | |
| 1992 | 301,998 |
| % GROWTH | |
| 1993 | 306,385 |
| % GROWTH | 1.45% |
| 1994 | 315,671 |
| % GROWTH | 3.03% |
| 1995 | 765,453 |
| % GROWTH | 142.48% |
| 1996 | 930,815 |
| % GROWTH | 21.60% |
| 1997 | 1,115,653 |
| % GROWTH | 19.86% |
| 1998 | 839,876 |
| % GROWTH | -24.72% |
| ANNUAL GROWTH RATE | 18.59% |
| 1999 | 840,393 |
| % GROWTH | 0.06% |
| 2000 | 793,270 |
| % GROWTH | -5.61% |
| 2001 CAPD FORECAST | 531,209 |
| % GROWTH | -33.04% |
| 2002 CAPD FORECAST | 688,803 A/ |
| % GROWTH | 29.67% |

* ADJUSTED PER THE TRA 3.01 SURVEILLANCE REPORTS.

A/ INCLUDES \$196,364 INTRASTATE INTRALATA B&C FROM BELL SOUTH ACTUAL MAY-JULY 2001 ANNUALIZED GROWN @6.06% PER YEAR
UNITED AMOUNTS FOR DIRECTORY REVENUE, AND LONG DISTANCE RECOVERIES;
WP-RTB 121.

RTB-121

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE INTRASTATE B&C
FOR THE YEARS 1998-2002

| | <u>UTC LONG DISTANCE</u> | | <u>AT&T & INDEPENDENTS</u> | | <u>TOTAL</u> | | <u>GROWTH RATES</u> | | <u>AVERAGE REVENUE</u> |
|------|--------------------------|-----------------|------------------------------------|-----------------|-----------------|-----------------|---------------------|-----------------|------------------------|
| | <u>MESSAGES</u> | <u>REVENUES</u> | <u>MESSAGES</u> | <u>REVENUES</u> | <u>MESSAGES</u> | <u>REVENUES</u> | <u>MESSAGES</u> | <u>REVENUES</u> | <u>GROWTH RATE</u> |
| 1998 | 19,772 | \$ 2,860.93 | 258,508 | \$ 45,003.22 | 278,280 | \$ 47,864.15 | | | |
| 1999 | 131,729 | 16,846.23 | 286,941 | 44,780.82 | 418,670 | 61,627.05 | 50.45% | 28.75% | |
| 2000 | 642,392 | 75,522.09 | 503,271 | 50,606.41 | 1,145,663 | 126,128.50 | 173.64% | 104.66% | 66.71% |
| 2001 | | | | | | 210,267.73 | | | |
| 2002 | | | | | | 350,535.52 | | | |

A/ PER RESPONSES TO INFORMATION REQUEST DATED AUGUST 13, 2001, ITEMS 7 & 8.

RTB-122

CONSUMER ADVOCATE DIVISION
ANALYSIS OF UNITED TELEPHONE UNCOLLECTIBLE REVENUES
FOR THE YEARS 1988-2002

| | <u>LOCAL SERVICE REVENUES</u> | <u>UNCOLLECTIBLE REVENUE</u> | <u>PERCENT UNCOLLECTIBLE</u> |
|-------------------------------|-------------------------------|------------------------------|------------------------------|
| 1988 | \$ 874,631 | \$ 24,385 | 2.79% |
| 1989 | 945,345 | 22,471 | 2.38% |
| 1990 | 1,003,347 | 23,047 | 2.30% |
| 1991 | 1,082,425 | 42,030 | 3.88% |
| 1992 | 1,357,283 | 43,903 | 3.23% |
| 1993 | 1,475,784 | 26,669 | 1.81% |
| 1994 | 1,566,276 | 29,903 | 1.91% |
| 1995 | 1,715,646 | 42,451 | 2.47% |
| 1996 | 1,910,854 | 54,315 | 2.84% |
| 1997 | 2,137,392 | 79,674 | 3.73% |
| 1998 | 2,486,643 | 61,331 | 2.47% |
| 1999 | 2,779,001 | 89,072 | 3.21% |
| 2000 | 3,136,563 | 32,115 | 1.02% |
| AVERAGE PERCENT UNCOLLECTIBLE | | | 2.5% |
| CAPD FORECAST 2001 | 3,501,901 | 87,500 | 2.50% |
| CAPD FORECAST 2002 | 3,909,858 | 97,746 | 2.50% |

SOURCE: 3.01 SURVEILLANCE REPORTS, WP RTB-100.

UNITED TELEPHONE COMPANY
ANALYSIS OF EXPENSE MATRIX
FOR THE YEAR ENDED DECEMBER 31, 2002

RTB-209

| | A/ SALARIES & WAGES | B/ BENEFITS | C/ RENTS | D/ OTHER | TOTAL | E/ NON-REGULATED RE-ALLOCATION | TOTAL REGULATED | F/ UNITED AMOUNT | DIFFERENCE |
|----------------------|---------------------------|----------------|-------------|-------------|-----------|--------------------------------------|--------------------|------------------------|------------|
| PLANT SPECIFIC | 448,538 | 158,642 | | 867,648 | 1,474,828 | | 1,474,828 | 1,609,718 | (134,890) |
| PLANT NON-SPECIFIC | 171,830 | 60,767 | | 131,537 | 364,134 | 25,414 | 338,721 | 391,629 | (52,908) |
| CUSTOMER OPERATIONS | 421,718 | 149,140 | 78,277 | 368,124 | 1,017,259 | 129,597 | 887,661 | 1,131,974 | (244,313) |
| CORPORATE OPERATIONS | 499,192 | 176,538 | | 379,561 | 1,055,291 | 72,488 | 982,804 | 1,110,259 | (127,455) |
| SUB-TOTAL | 1,541,278 | 545,088 | 78,277 | 1,746,870 | 3,911,513 | 227,499 | 3,684,014 | 4,243,580 | (559,566) |
| NON-REGULATED AMOUNT | 298,551 | 105,589 | | | 404,140 | | | | |
| CAPITALIZED AMOUNT | 249,540 | 88,225 | | | 337,765 | | | | |
| TOTAL | 2,089,369 | 738,902 | 78,277 | 1,746,870 | 4,653,418 | | | | |

A/ PER WP RTB-202.

B/ PER WP RTB-203.

C/ PER RESPONSE TO CAPD INFORMATION REQUEST DATED JUNE 14, 2001, ITEM 4, PAGE 65 OF 73.

D/ PER WP RTB-207.

E/ PER WP RTB-208.

F/ PER REVISED ENOCH EXHIBIT 8.

UNITED TELEPHONE COMPANY
 ANALYSIS OF EXPENSE MATRIX
 FOR THE YEAR ENDED DECEMBER 31, 1999

| | A/ SALARIES & WAGES | A/ BENEFITS | A/ RENTS | A/ OTHER | A/ TOTAL |
|---------------------------------------|---------------------------|----------------|-------------|-------------|-------------|
| PLANT SPECIFIC | 441,755 | 155,030 | 130,559 | 876,876 | 1,604,220 |
| PLANT NON-SPECIFIC | 144,287 | 59,578 | | 146,359 | 350,224 |
| CUSTOMER OPERATIONS | 334,673 | 118,703 | | 183,666 | 637,042 |
| CORPORATE OPERATIONS | 350,177 | 132,137 | | 366,815 | 849,129 |
| TOTAL OPERATIONS AND MAINTENANCE EXPE | 1,270,892 | 465,448 | 130,559 | 1,573,716 | 3,440,615 |

A/ Per Corrected 1999 Form M.

UNITED TELEPHONE COMPANY
ANALYSIS OF EXPENSE MATRIX
FOR THE YEAR ENDED DECEMBER 31, 1998

| | A/ SALARIES & WAGES | A/ BENEFITS | A/ RENTS | A/ OTHER | A/ TOTAL |
|---------------------------------------|---------------------------|----------------|-------------|-------------|-------------|
| PLANT SPECIFIC | 506,090 | 163,084 | 75,580 | 621,680 | 1,366,434 |
| PLANT NON-SPECIFIC | 120,185 | 45,334 | | 98,949 | 264,468 |
| CUSTOMER OPERATIONS | 177,388 | 93,988 | | 331,465 | 602,841 |
| CORPORATE OPERATIONS | 306,523 | 120,118 | | 319,911 | 746,552 |
| TOTAL OPERATIONS AND MAINTENANCE EXPE | 1,110,186 | 422,524 | 75,580 | 1,372,005 | 2,980,295 |

A/ Per Corrected 1998 Form M.

UNITED TELEPHONE COMPANY
ANALYSIS OF EXPENSE MATRIX
FOR THE YEAR ENDED DECEMBER 31, 2000

RTB-212

| | A/ SALARIES & WAGES | B/ BENEFITS | C/ RENTS | D/ OTHER | E/ TOTAL REGULATED | ION-REGULATED ALLOCATION | TOTAL |
|---------------------------------------|---------------------------|----------------|-------------|-------------|--------------------------|-----------------------------|-----------|
| PLANT SPECIFIC | 398,799 | 148,547 | | 836,135 | 1,383,481 | | 1,383,481 |
| PLANT NON-SPECIFIC | 152,782 | 60,856 | | 126,760 | 340,398 | 19,683 | 360,081 |
| CUSTOMER OPERATIONS | 374,966 | 137,475 | 80,726 | 354,753 | 947,920 | 52,367 | 1,000,287 |
| CORPORATE OPERATIONS | 443,843 | 159,221 | | 365,775 | 968,840 | 56,142 | 1,024,982 |
| TOTAL OPERATIONS AND MAINTENANCE EXPE | 1,370,390 | 506,099 | 80,726 | 1,683,424 | 3,640,639 | 128,192 | 3,768,831 |
| NON-REGULATED AMOUNTS | 265,450 | 95,394 | | | 360,844 | | |
| CAPITALIZED AMOUNTS | 221,872 | 79,249 | | | 301,121 | | |
| TOTAL | 1,857,712 | 680,742 | 80,726 | 1,683,424 | 4,302,604 | | |

A/ WP RTB-201.

B/ WP RTB-204.

C/ Per Response to Item 62, of CAPD Data Request dated 7/27/01.

D/ Net of Total minus S&W, Benefits and Rents.

E/ Per 2000 Form M.

DECEMBER 31, 2002

YEARLY HOURS WORKED - FULL TIME:

YEARLY HOURS WORKED - FULL TIME:

YEARLY HOURS WORKED - FULL TIME:

| EMPLOYEE | ANNUAL RATE AT PERIOD | | TOTAL ATTRITION PERIOD | ANNUAL ATTRITION PERIOD | | | | | | | | | | | | TOTAL TAXES | SUTA TAXES | FUTA TAXES | TOTAL TAXES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|-----------------------|----------|------------------------|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|-------------|------------|------------|-------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | 12/1/00 | 12/31/00 | | 12/1/00 | 1/1/01 | 2/1/01 | 3/1/01 | 4/1/01 | 5/1/01 | 6/1/01 | 7/1/01 | 8/1/01 | 9/1/01 | 10/1/01 | 11/1/01 | | | | | 12/1/01 | 1/1/02 | 2/1/02 | 3/1/02 | 4/1/02 | 5/1/02 | 6/1/02 | 7/1/02 | 8/1/02 | 9/1/02 | 10/1/02 | 11/1/02 | 12/1/02 | 1/1/03 | 2/1/03 | 3/1/03 | 4/1/03 | 5/1/03 | 6/1/03 | 7/1/03 | 8/1/03 | 9/1/03 | 10/1/03 | 11/1/03 | 12/1/03 | 1/1/04 | 2/1/04 | 3/1/04 | 4/1/04 | 5/1/04 | 6/1/04 | 7/1/04 | 8/1/04 | 9/1/04 | 10/1/04 | 11/1/04 | 12/1/04 | 1/1/05 | 2/1/05 | 3/1/05 | 4/1/05 | 5/1/05 | 6/1/05 | 7/1/05 | 8/1/05 | 9/1/05 | 10/1/05 | 11/1/05 | 12/1/05 | 1/1/06 | 2/1/06 | 3/1/06 | 4/1/06 | 5/1/06 | 6/1/06 | 7/1/06 | 8/1/06 | 9/1/06 | 10/1/06 | 11/1/06 | 12/1/06 | 1/1/07 | 2/1/07 | 3/1/07 | 4/1/07 | 5/1/07 | 6/1/07 | 7/1/07 | 8/1/07 | 9/1/07 | 10/1/07 | 11/1/07 | 12/1/07 | 1/1/08 | 2/1/08 | 3/1/08 | 4/1/08 | 5/1/08 | 6/1/08 | 7/1/08 | 8/1/08 | 9/1/08 | 10/1/08 | 11/1/08 | 12/1/08 | 1/1/09 | 2/1/09 | 3/1/09 | 4/1/09 | 5/1/09 | 6/1/09 | 7/1/09 | 8/1/09 | 9/1/09 | 10/1/09 | 11/1/09 | 12/1/09 | 1/1/10 | 2/1/10 | 3/1/10 | 4/1/10 | 5/1/10 | 6/1/10 | 7/1/10 | 8/1/10 | 9/1/10 | 10/1/10 | 11/1/10 | 12/1/10 | 1/1/11 | 2/1/11 | 3/1/11 | 4/1/11 | 5/1/11 | 6/1/11 | 7/1/11 | 8/1/11 | 9/1/11 | 10/1/11 | 11/1/11 | 12/1/11 | 1/1/12 | 2/1/12 | 3/1/12 | 4/1/12 | 5/1/12 | 6/1/12 | 7/1/12 | 8/1/12 | 9/1/12 | 10/1/12 | 11/1/12 | 12/1/12 | 1/1/13 | 2/1/13 | 3/1/13 | 4/1/13 | 5/1/13 | 6/1/13 | 7/1/13 | 8/1/13 | 9/1/13 | 10/1/13 | 11/1/13 | 12/1/13 | 1/1/14 | 2/1/14 | 3/1/14 | 4/1/14 | 5/1/14 | 6/1/14 | 7/1/14 | 8/1/14 | 9/1/14 | 10/1/14 | 11/1/14 | 12/1/14 | 1/1/15 | 2/1/15 | 3/1/15 | 4/1/15 | 5/1/15 | 6/1/15 | 7/1/15 | 8/1/15 | 9/1/15 | 10/1/15 | 11/1/15 | 12/1/15 | 1/1/16 | 2/1/16 | 3/1/16 | 4/1/16 | 5/1/16 | 6/1/16 | 7/1/16 | 8/1/16 | 9/1/16 | 10/1/16 | 11/1/16 | 12/1/16 | 1/1/17 | 2/1/17 | 3/1/17 | 4/1/17 | 5/1/17 | 6/1/17 | 7/1/17 | 8/1/17 | 9/1/17 | 10/1/17 | 11/1/17 | 12/1/17 | 1/1/18 | 2/1/18 | 3/1/18 | 4/1/18 | 5/1/18 | 6/1/18 | 7/1/18 | 8/1/18 | 9/1/18 | 10/1/18 | 11/1/18 | 12/1/18 | 1/1/19 | 2/1/19 | 3/1/19 | 4/1/19 | 5/1/19 | 6/1/19 | 7/1/19 | 8/1/19 | 9/1/19 | 10/1/19 | 11/1/19 | 12/1/19 | 1/1/20 | 2/1/20 | 3/1/20 | 4/1/20 | 5/1/20 | 6/1/20 | 7/1/20 | 8/1/20 | 9/1/20 | 10/1/20 | 11/1/20 | 12/1/20 | 1/1/21 | 2/1/21 | 3/1/21 | 4/1/21 | 5/1/21 | 6/1/21 | 7/1/21 | 8/1/21 | 9/1/21 | 10/1/21 | 11/1/21 | 12/1/21 | 1/1/22 | 2/1/22 | 3/1/22 | 4/1/22 | 5/1/22 | 6/1/22 | 7/1/22 | 8/1/22 | 9/1/22 | 10/1/22 | 11/1/22 | 12/1/22 | 1/1/23 | 2/1/23 | 3/1/23 | 4/1/23 | 5/1/23 | 6/1/23 | 7/1/23 | 8/1/23 | 9/1/23 | 10/1/23 | 11/1/23 | 12/1/23 | 1/1/24 | 2/1/24 | 3/1/24 | 4/1/24 | 5/1/24 | 6/1/24 | 7/1/24 | 8/1/24 | 9/1/24 | 10/1/24 | 11/1/24 | 12/1/24 | 1/1/25 | 2/1/25 | 3/1/25 | 4/1/25 | 5/1/25 | 6/1/25 | 7/1/25 | 8/1/25 | 9/1/25 | 10/1/25 | 11/1/25 | 12/1/25 | 1/1/26 | 2/1/26 | 3/1/26 | 4/1/26 | 5/1/26 | 6/1/26 | 7/1/26 | 8/1/26 | 9/1/26 | 10/1/26 | 11/1/26 | 12/1/26 | 1/1/27 | 2/1/27 | 3/1/27 | 4/1/27 | 5/1/27 | 6/1/27 | 7/1/27 | 8/1/27 | 9/1/27 | 10/1/27 | 11/1/27 | 12/1/27 | 1/1/28 | 2/1/28 | 3/1/28 | 4/1/28 | 5/1/28 | 6/1/28 | 7/1/28 | 8/1/28 | 9/1/28 | 10/1/28 | 11/1/28 | 12/1/28 | 1/1/29 | 2/1/29 | 3/1/29 | 4/1/29 | 5/1/29 | 6/1/29 | 7/1/29 | 8/1/29 | 9/1/29 | 10/1/29 |

| ACCOUNT CATEGORY | ACCOUNT # | AMOUNT | PERCENT |
|--------------------------|-----------|---------|-----------|
| PLANT SPECIFIC | 6112 | 2,027 | |
| PLANT SPECIFIC | 6121 | 1,878 | |
| PLANT SPECIFIC | 6212 | 34,117 | |
| PLANT SPECIFIC | 6232 | 42,018 | |
| PLANT SPECIFIC | 6411 | 539 | |
| PLANT SPECIFIC | 6421 | 263,751 | |
| PLANT SPECIFIC | 6423 | 3,122 | |
| PLANT SPECIFIC | 6431 | 1,293 | |
| PLANT SPECIFIC | 6441 | 54 | 21.467% |
| PLANT NON-SPECIFIC | 6512 | 19,357 | |
| PLANT NON-SPECIFIC | 6534 | 19,357 | |
| PLANT NON-SPECIFIC | 6512 | 25,601 | |
| PLANT NON-SPECIFIC | 6532 | 86,616 | |
| PLANT NON-SPECIFIC | 6535 | 1,850 | 8.224% |
| CUSTOMER OPERATIONS | 6622 | 108 | |
| CUSTOMER OPERATIONS | 6623 | 3,366 | |
| CUSTOMER OPERATIONS | 6623 | 349,742 | |
| CUSTOMER OPERATIONS | 6622 | 21,750 | 20.184% |
| CORPORATE OPERATIONS | 6721 | 111,887 | |
| CORPORATE OPERATIONS | 6711.1 | 305,459 | |
| CORPORATE OPERATIONS | 6724 | 26,498 | 23.892% |
| NON-REGULATED INVESTMENT | 1406 | 79 | |
| NON-REGULATED EXPENSE | 7990-7991 | 265,371 | 14.29% B/ |
| CAPITALIZED | 2000-3100 | 221,872 | 11.94% A/ |

TOTAL

1,857,712

100.00%

A/ PER RESPONSE TO ITEM 15, PAGE 2 OF 2.
B/ PER RESPONSE TO ITEM 41, PAGE 1 OF 1.

CAPITALIZED

11.94% A/

NON-REGULATED

14.29% B/

CRM EXPENSES

73.77%

UNITED TELEPHONE COMPANY
DOCKET #01-00451
PAYROLL DISTRIBUTION
FOR THE ATTRITION YEAR ENDING DECEMBER 31, 2002

RTB-202

TRA #01-00451
CAPD Exhibit 2
Page 31 of 62

| | <u>TOTAL</u> | |
|-----------------------|------------------|--------|
| CAPITALIZED | 249,540 | 11.94% |
| REGULATED EXPENSE | 1,541,278 | 73.77% |
| NON-REGULATED EXPENSE | 298,552 | 14.29% |
| TOTAL | <u>2,089,369</u> | |

UNITED TELEPHONE COMPANY
TRA DOCKET #01-00451
BENEFITS FOR EMPLOYEES FOR THE YEAR 2002

TRA #01-00451
CAPD Exhibit 2
Page 32 of 62

| LINE NO. | BENEFIT/ NO. OF EMP. | TYPE OF BENEFIT | RATE | PREMIUM |
|-------------------------|----------------------|---|------------------|-------------------|
| LIFE INSURANCE: | | | | |
| 1 | 0 | LIFE - BASIC | \$5.40 PER MONTH | 19,000.00 |
| 2 | 0 | LIFE - SUPPLEMENTAL | | 0.00 |
| 3 | 0 | LIFE - OPTIONAL | | 0.00 |
| EMPLOYMENT TAXES | | | | |
| 4 | 0 | FICA | | 158,586.00 |
| 5 | 0 | FUTA | | 2,856.00 |
| 6 | 0 | SUTA | | 893.00 |
| MEDICAL: | | | | |
| 7 | 25 | FAMILY COVERAGE | \$ 640.55 | 192,165.00 |
| 8 | 15 | TWO PERSON COVERAGE | \$ 464.67 | 83,640.60 |
| 9 | 5 | PERSONAL COVERAGE | \$ 232.24 | 13,934.40 |
| 10 | | PENSION | | 164,127.00 |
| 11 | | WORKER'S COMPENSATION | | 28,806.00 |
| 12 | | EMPLOYEE'S TELEPHONE CONCESSIONS | | 3,604.00 |
| 13 | | UNIFORMS | | 12,328.00 |
| 14 | | 401K | | 47,788.00 |
| 15 | | COFFEE | | 1,278.00 |
| 16 | | SICK LEAVE | | 9,895.41 |
| 17 | | TOTAL EMPLOYEE BENEFITS | | <u>738,901.41</u> |
| 18 | | AMOUNT CHARGED TO NON-REGULATED OPERATIONS@14.29% | | 105,589.01 |
| 19 | | AMOUNT CAPITALIZED@11.94% | | 88,224.83 |
| 20 | | NET REGULATED EXPENSE AMOUNT | | 545,087.57 |

A/ PER RESPONSES TO ITEM 61 OF CAPD DATA REQUEST 7/27/01 AND ITEMS 16 AND 22 OF CAPD DATA REQUEST 6/14/01.

| ACCOUNT CATEGORY | ACCOUNT # | AMOUNT | PERCENT |
|---------------------------------|-----------|------------|-------------------|
| PLANT SPECIFIC | 6112 | 701.16 | |
| PLANT SPECIFIC | 6121 | 682.13 | |
| PLANT SPECIFIC | 6212 | 30,132.56 | |
| PLANT SPECIFIC | 6232 | 15,206.64 | |
| PLANT SPECIFIC | 6411 | 154.26 | |
| PLANT SPECIFIC | 6421 | 97,169.51 | |
| PLANT SPECIFIC | 6423 | 1,099.82 | |
| PLANT SPECIFIC | 6431 | 478.28 | |
| PLANT SPECIFIC | 6441 | 17.87 | 145642.229 21.39% |
| PLANT NON-SPECIFIC | 6512 | 8,251.46 | 29.35% 0.2935122 |
| PLANT NON-SPECIFIC | 6534 | 8,509.18 | |
| PLANT NON-SPECIFIC | 6512 | 9,445.88 | |
| PLANT NON-SPECIFIC | 6532 | 30,922.18 | |
| PLANT NON-SPECIFIC | 6535 | 664.78 | 57793.4719 8.76% |
| CUSTOMER OPERATIONS | 6622 | 35.73 | 12.02% 0.1202464 |
| CUSTOMER OPERATIONS | 6623 | 1,250.37 | |
| CUSTOMER OPERATIONS | 6623 | 113,181.16 | |
| CUSTOMER OPERATIONS | 6622 | 7,091.90 | 121559.158 19.80% |
| CORPORATE OPERATIONS | 6721 | 39,031.07 | 27.16% 0.2716369 |
| CORPORATE OPERATIONS | 6711.1 | 107,772.76 | |
| CORPORATE OPERATIONS | 6724 | 9,304.46 | 156108.299 22.93% |
| NON-REGULATED INVESTMENT | 1406 | 40.24 | 31.46% 0.3146045 |
| NON-REGULATED EXPENSE | 7990-7991 | 95,353.18 | 14.01% 1 |
| CAPITALIZED | 2000-3100 | 79,248.44 | 11.64% |
| PLANT NON-SPECIFIC | 6512 | 936.70 | |
| PLANT NON-SPECIFIC | 6534 | 936.70 | 1873.4 |
| CUSTOMER OPERATIONS | 6622 | 481.68 | |
| CUSTOMER OPERATIONS | 6623 | 12,746.72 | 13228.4 |
| CORPORATE OPERATIONS | 6711 | - | |
| CORPORATE OPERATIONS | 6721 | - | |
| CORPORATE OPERATIONS | 6724 | - | |
| SICK LEAVE-PLANT SPECIFIC | | 2,904.42 | |
| SICK LEAVE-PLANT NON SPECIFIC | | 1,189.89 | |
| SICK LEAVE-CUSTOMER OPERATIONS | | 2,687.96 | |
| SICK LEAVE-CORPORATE OPERATIONS | | 3,113.14 | |

TOTAL

680,742.23 496,204.96

CAPITALIZED 11.64%

NON-REGULATED 14.01%

O&M EXPENSES 74.35%

UNITED TELEPHONE COMPANY
DOCKET #01-00451
BENEFIT DISTRIBUTION
FOR THE ATTRITION YEAR ENDING DECEMBER 31, 2002

RTB-205

TRA #01-00451
CAPD Non-Reg 2
Page 44 of 60
ADJUSTED
TOTAL

| | <u>TOTAL</u> | | | <u>ADJUSTED</u> |
|-----------------------|----------------|--------|---|-----------------|
| CAPITALIZED | 88,225 | 11.94% | | 88,225 |
| REGULATED EXPENSE | 545,088 | 73.77% | - | 545,088 |
| NON-REGULATED EXPENSE | <u>105,589</u> | 14.29% | | <u>105,589</u> |
| TOTAL | <u>738,901</u> | | | <u>738,901</u> |

UNITED TELEPHONE COMPANY, INC.
Chapel Hill, Tennessee
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2000 and 1999

Note J - Significant Concentrations of Credit Risk

The Corporation grants credit for telephone services supplied to customers approved by management. Most of the Corporation's business activity is with customers located within the Middle Tennessee area. Consequently, the Corporation is dependent upon the local commercial and residential economic business sectors of the area. As of December 31, 2000 and 1999, the Corporation's receivables from customers totaled \$1,747,327 and \$1,571,990 respectively, of which none are collateralized in excess of amounts held as customer deposits.

Other financial instruments which potentially subject the Corporation to concentrations of credit risk involve temporary cash investments, which are placed with various financial institutions at times in excess of the federally insured limits.

In addition, the Corporation is reliant on the Rural Utilities Service and the Rural Telephone Bank for most of its debt. As of December 31, 2000 all of the long-term debt as reflected on the balance sheet was through these two entities.

Note K - Lease Payments

During the year ending December 31, 1999 the Company entered into an operating lease agreement with Octel Communications Corporation for a voice processing system. The lease requires monthly payments of \$4,106 over a 60 month period. During the year ending December 31, 2000 and 1999 the Company paid \$49,270 in lease payments on this lease.

During the year ending December 31, 1999 the Company entered into an operating lease agreement with Pitney Bowes for a postage and stuffer machine. The lease requires three monthly payments of \$1,807 and fifty-one payments of \$2,417. During the year ending December 31, 2000 and 1999 the Company paid \$29,007 and \$17,506 in lease payments on this lease.

Future lease payments on these leases are as follows:

| Year ending December 31, | Octel Lease | Pitney Bowes Lease | Total |
|-----------------------------|-------------------|-----------------------|-------------------|
| 2001 | \$ 49,270 | \$ 29,007 | \$ 78,277 |
| 2002 | 49,270 | 29,007 | 78,277 |
| 2003 | 49,270 | 24,171 | 73,441 |
| 2004 | 24,637 | | 24,637 |
| | <u>\$ 172,447</u> | <u>\$ 82,185</u> | <u>\$ 254,632</u> |

Note L - Restricted Funds

Funds indicated on the balance sheet of United Telephone Company as "Cash and cash equivalents - RUS construction funds" are proceeds from Rural Utilities Service note advances that have not been expended. These funds are restricted to expenditures approved by the Rural Utilities Service.

UNITED TELEPHONE COMPANY
TRA DOCKET #01-00451
OTHER EXPENSE FOR THE YEAR 2002

TRA #01-00451
RTB-207
CAPD Exhibit 2
Page 36 of 62

| LINE NO. | DESCRIPTION | AMOUNT |
|-------------|--|--------------|
| 1 | 2000 EXPENSES | 1,683,424 A/ |
| 2 | NON-RECURRING - LADD ENGINEERING | 14,442 B/ |
| 3 | NON-RECURRING - 1999 WORK ORDER CLOSINGS | 15,938 C/ |
| 4 | NON-RECURRING - 1999 L.M. BERRY | 74,000 D/ |
| 5 | NET OTHER EXPENSES | 1,579,044 E/ |
| 6 | GROWTH RATE | 1.0518 |
| 7 | OTHER EXPENSES FOR 2001 | 1,660,839 |
| 8 | GROWTH RATE | 1.0518 |
| 9 | OTHER EXPENSES FOR 2002 | 1,746,870 |

A/ PER WP RTB-212.

B/ PER RESPONSE TO CAPD INFORMATION REQUEST DATED 7/27/01, ITEM 54.

C/ PER RESPONSE TO CAPD INFORMATION REQUEST DATED 7/27/01, ITEM 55.

D/ PER COMPANY RESPONSE.

E/ PER WP RTB-208.

RTB-312A

DATE: 9/28/01
TIME: 1:41'

[illegible]

[illegible]

UNITED TELEPHONE COMPANY
 ACCUMULATION DEPRECIATION SUMMARY
 FOR THE YEARS ENDING DECEMBER 31, 2000-2002

DATE: 10/1/01
 TIME: :18 PM
 RTB-314A

| MONTH/YR | BEGINNING BALANCE | ACCRUALS | RETIRE | NET SALVAGE | ENDING BALANCE |
|------------|----------------------|-----------|--------|----------------|-------------------|
| Dec-00 | 6,613,594 | 0 | 0 | 0 | 6,613,594 |
| Jan-01 | 6,613,594 | 185,512 | 0 | 0 | 6,799,106 |
| Feb-01 | 6,799,106 | 185,629 | 0 | 0 | 6,984,735 |
| Mar-01 | 6,984,735 | 185,745 | 0 | 0 | 7,170,480 |
| Apr-01 | 7,170,480 | 185,862 | 0 | 0 | 7,356,342 |
| May-01 | 7,356,342 | 185,979 | 0 | 0 | 7,542,321 |
| Jun-01 | 7,542,321 | 186,095 | 40,000 | 0 | 7,688,416 |
| Jul-01 | 7,688,416 | 205,199 | 0 | 0 | 7,893,615 |
| Aug-01 | 7,893,615 | 205,315 | 0 | 0 | 8,098,930 |
| Sep-01 | 8,098,930 | 205,432 | 0 | 0 | 8,304,362 |
| Oct-01 | 8,304,362 | 205,549 | 0 | 0 | 8,509,911 |
| Nov-01 | 8,509,911 | 205,665 | 0 | 0 | 8,715,576 |
| Dec-01 | 8,715,576 | 205,782 | 0 | 0 | 8,921,358 |
| Jan-02 | 8,921,358 | 239,480 | 0 | 0 | 9,160,838 |
| Feb-02 | 9,160,838 | 239,596 | 0 | 0 | 9,400,434 |
| Mar-02 | 9,400,434 | 239,714 | 0 | 0 | 9,640,148 |
| Apr-02 | 9,640,148 | 239,830 | 0 | 0 | 9,879,978 |
| May-02 | 9,879,978 | 239,946 | 0 | 0 | 10,119,924 |
| Jun-02 | 10,119,924 | 240,064 | 0 | 0 | 10,359,988 |
| Jul-02 | 10,359,988 | 248,694 | 0 | 0 | 10,608,683 |
| Aug-02 | 10,608,683 | 248,811 | 0 | 0 | 10,857,494 |
| Sep-02 | 10,857,494 | 248,929 | 0 | 0 | 11,106,422 |
| Oct-02 | 11,106,422 | 264,491 | 0 | 0 | 11,370,913 |
| Nov-02 | 11,370,913 | 264,608 | 0 | 0 | 11,635,521 |
| Dec-02 | 11,635,521 | 264,725 | 0 | 0 | 11,900,246 |
| TOTAL 2002 | | 2,978,888 | | | 10,381,688 |

7,738,365

UNITED TELEPHONE COMPANY
PROPERTY TAXES
FOR THE YEARS ENDING DECEMBER 31, 1999-2002

Utpltd1.xls

RTB-401

9/28/01
2:12 PM

TRA #01-00451
CAPD Exhibit 2
Page 40 of 62

| | ACTUAL 1998 TAXES PAID | ACTUAL 1999 TAXES PAID | ACTUAL 2000 TAXES PAID | CA FORECAST | CA FORECAST |
|--|------------------------------|------------------------------|------------------------------|---------------|---------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| UTILITY PLANT IN SERVICE AT DEC. 31 OF PREV. YR. | \$ 26,529,655 | 28,576,699 | 31,281,843 | 44,288,959 | 52,128,694 |
| ACCUMULATED DEPRECIATION AT DEC. 31 PREV. YR. | 6,859,562 | 7,572,255 | 7,917,558 | 6,613,594 | 8,067,531 |
| NET PLANT IN SERVICE | \$ 19,670,093 | \$ 21,004,444 | \$ 23,364,285 | \$ 37,675,365 | \$ 44,061,163 |
| ASSESSMENT VALUE | 30,000,000 B/ | 32,000,000 B/ | 52,000,000 B/ | 45,000,000 B/ | 52,627,289 |
| PROPERTY TAXES | 480,941 A/ | 435,269 A/ | 590,433 A/ | 515,000 | 598,000 |
| EFFECTIVE TAX RATE | 1.60% | 1.36% | 1.14% | 1.14% | 1.14% |

A/ PER RESPONSE TO ITEM 30, PAGES 18-69 OF DISCOVERY REQUEST DATED JUNE 14, 2001.
B/ PER STATE OF TENNESSEE UTILITY PROPERTY ASSESSMENT DIVISION.

UNITED TELEPHONE COMPANY
STATE OF TENNESSEE FRANCHISE TAX
FOR THE YEARS ENDING DECEMBER 31, 2000-2002

DATE: 9/28/01
TIME: 1:45 PM

RTB-402A

| | AMOUNT | CAPITAL STOCK | |
|--|---------------|---------------|----|
| NET UTILITY PLANT IN SERVICE AT DECEMBER 31, 2000 | \$ 37,813,027 | \$ 7,633,420 | A/ |
| MATERIALS AND SUPPLIES AND WORK IN PROGRESS AT DECEMBER 31, 2000 | 6,437,744 | | |
| RENTAL VALUE OF PROPERTY | 153,684 | | |
| TAX RATE OF \$.25 PER \$100 OF NET PLANT AND M&S | \$ 0.25 | \$ 0.25 | |
| FRANCHISE TAX AMOUNT FOR 2000 | \$ 111,011 | \$ 19,084 | |
| NET UTILITY PLANT IN SERVICE AT DECEMBER 31, 2001 | \$ 44,061,163 | | |
| MATERIALS AND SUPPLIES AND WORK IN PROGRESS AT DECEMBER 31, 2001 | 4,381,155 | | |
| RENTAL VALUE OF PROPERTY | 153,684 | | |
| TAX RATE OF \$.25 PER \$100 OF NET PLANT AND M&S | \$ 0.25 | | |
| FRANCHISE TAX AMOUNT FOR 2001 | \$ 121,490 | | |
| NET UTILITY PLANT IN SERVICE AT DECEMBER 31, 2002 (INCLUDING CWIP) | \$ 50,305,542 | | |
| MATERIALS AND SUPPLIES AT DECEMBER 31, 2002 | 381,155 | | |
| RENTAL VALUE OF PROPERTY | 153,684 | | |
| TAX RATE OF \$.25 PER \$100 OF NET PLANT AND M&S | \$ 0.25 | | |
| FRANCHISE TAX AMOUNT FOR 2002 | \$ 127,101 | | |

A/ PER RESPONSE TO ITEM 30, PAGES 14 AND 15 OF 119 (A) OF DISCOVERY REQUEST DATED JUNE 14, 2001.

TRA #01-00451
CAPD Exhibit 2
Page 42 of 62

From: Pat Dodson
To: Buckner, Terry
Date: 8/1/01 10:19AM
Subject: Re: Appraisal Values for United Telephone Company, Chapel Hill

Per your request:

TN Appraisal Values

2001: \$45,000,000
2000: \$52,000,000
1999: \$32,000,000
1998: \$30,000,000

I hope this is helpful. If you need any additional information, please let me know.

Have a good week.

>>> Terry Buckner 07/31/01 04:24PM >>>
Dearest Pat,

If possible, could you provide me with the last four years appraisal values subject to property tax for United Telephone Company of Chapel Hill, TN. Thank you so much.

Uncle Buck

UNITED TELEPHONE COMPANY
TRA INSPECTION FEE
FOR THE YEARS ENDED 1999-2002

RTB-400

| | A/ 1999 | A/ 2000 | 2002 B/ |
|--|----------------------|----------------------|----------------------|
| <u>INTRASTATE REVENUE</u> | | | |
| LOCAL SERVICE REVENUE | \$ 2,486,643 | \$2,779,001 | \$3,501,901 |
| ACCESS REVENUE | 2,066,028 | 2,302,912 | 3,184,540 |
| LONG DISTANCE REVENUE | 27,182 | 24,753 | 0 |
| MISCELLANEOUS REVENUE | 569,987 | 601,116 | 531,209 |
| LESS: UNCOLLECTIBLE REVENUE | <u>(35,891)</u> | <u>(3,084)</u> | <u>(87,548)</u> |
| TOTAL INTRASTATE GROSS RECEIPT | \$ 5,113,949 | \$5,704,698 | \$7,130,102 |
| LESS: EXEMPTION | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| NET INTRASTATE GROSS RECEIPTS | \$ 5,108,949 | \$5,699,698 | \$7,125,102 |
| .3% X FIRST \$1,000,000 OR SMALLER | 3,000 | 3,000 | 3,000 |
| .2% X ALL OVER \$1,000,000 | 8,218 | 9,399 | 12,250 |
| TOTAL INSPECTION FEE | <u>\$ 11,218</u> | <u>\$ 12,399</u> | <u>\$ 15,250</u> |

A/ PER RESPONSE TO ITEM 30, PAGES 118 AND 119 OF 119 OF DISCOVERY REQUEST DATED JUNE 14, 2001
NOTE: CURRENT YEAR'S TRA FEES ARE CALCULATED ON PREVIOUS YEAR'S INTRASTATE REVENUES.
B/ WP RTB-100.

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF THE GROSS DOMESTIC PRODUCT (GDP) CHAINED PRICE DEFLATOR TRA DOCKET #01-00451
FOR THE YEAR ENDED DECEMBER 31, 2002

| YEAR | QUARTER | | | | | | | | ATTR YR GDP IDP |
|------------------------------------|-------------|----|------------|----|------------|----|--------------|----|--------------------|
| | 1/1/ - 3/31 | | 4/1 - 6/30 | | 7/1 - 9/30 | | 10/1 - 12/31 | | |
| 2000 | 106.2 | A/ | 106.8 | A/ | 107.2 | A/ | 107.8 | A/ | 107.0 |
| 2001 | 108.6 | A/ | 109.2 | B/ | 109.8 | B/ | 110.4 | B/ | 109.2 |
| 2002 | 111.0 | B/ | 111.6 | B/ | 112.2 | B/ | 112.8 | B/ | 111.6 |
| AVERAGE GDP DEFLATOR FOR YEAR 2001 | | | | | | | | | 2.01% |
| AVERAGE GDP DEFLATOR FOR 2002 | | | | | | | | | 2.15% |

A/ Actual GDP Chained Price Index from Blue Chip Economic Indicators, Vol. 26, No. 7 June 10, 1999.
B/ Forecasted GDP Chained Price Index from Blue Chip Economic Indicators, Vol. 26, No. 7 June 10, 1999.

**CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF UNITED TELEPHONE EXPENSE GROWTH FACTOR
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | <u>UNITED</u> |
|-------------------------------------|---------------|
| FORECASTED ACCESS LINE GROWTH | 6.06% |
| ALLOWED PERCENTAGE | 50.00% |
| NET % GROWTH | 3.03% |
| ANNUAL INFLATION RATE(GDP) FOR 2002 | 2.15% |
| TOTAL ANNUAL GROWTH RATE FOR 2002 | 5.18% |

| ACCT NO. | ACCOUNT NAME | 12/31/00 | 1/31/01 | 2/28/01 | 3/31/01 | 4/30/01 | 5/31/01 | 6/30/01 | 7/31/01 | 8/31/01 | 9/30/01 | 10/31/01 |
|----------|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 2112 | MOTOR VEHICLES | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 |
| 2116 | OTHER WORK EQUIPMENT | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 |
| 2121 | BUILDINGS | 2,137,654 | 2,137,654 | 2,137,654 | 2,137,654 | 2,137,654 | 2,137,654 | 2,137,654 | 2,137,654 | 2,137,654 | 2,137,654 | 2,137,654 |
| 2122 | FURNITURE | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 |
| 2123 | OFFICE EQUIPMENT | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 |
| 2124 | GENERAL PURPOSE COMPUTERS | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 |
| 2212 | DIGITAL ELECTRONIC SWITCHING | 12,459,039 | 12,459,039 | 12,459,039 | 12,459,039 | 12,459,039 | 12,459,039 | 12,459,039 | 12,459,039 | 12,459,039 | 12,459,039 | 12,459,039 |
| 2215 | ELECTRO-MECHANICAL SWITCHING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2232 | CIRCUIT EQUIPMENT | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 |
| 2411 | POLES | 4,217,297 | 4,222,297 | 4,222,297 | 4,222,297 | 4,222,297 | 4,222,297 | 4,222,297 | 4,222,297 | 4,222,297 | 4,222,297 | 4,222,297 |
| 2421 | AERIAL CABLE-METAL | 15,082,356 | 15,112,356 | 15,142,356 | 15,172,356 | 15,202,356 | 15,232,356 | 15,262,356 | 15,292,356 | 15,322,356 | 15,352,356 | 15,382,356 |
| 2423 | BURIED CABLE-FIBER | 2,091,092 | 2,091,092 | 2,091,092 | 2,091,092 | 2,091,092 | 2,091,092 | 2,091,092 | 2,091,092 | 2,091,092 | 2,091,092 | 2,091,092 |
| 2431 | BURIED CABLE-FIBER | 894,374 | 894,374 | 894,374 | 894,374 | 894,374 | 894,374 | 894,374 | 894,374 | 894,374 | 894,374 | 894,374 |
| 2431 | AERIAL WIRE | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 |
| 2111 | LAND | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 |
| 2003 | CWIP | 3,900,769 | 3,900,000 | 3,900,000 | 3,900,000 | 3,900,000 | 3,900,000 | 3,900,000 | 3,900,000 | 3,900,000 | 3,900,000 | 3,900,000 |
| 2422 | UNDERGROUND CABLE-METAL | 935,887 | 935,887 | 935,887 | 935,887 | 935,887 | 935,887 | 935,887 | 935,887 | 935,887 | 935,887 | 935,887 |
| 2422 | UNDERGROUND CABLE-FIBER | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 |
| 2441 | CONDUIT SYSTEM-METAL | 1,051,313 | 1,051,313 | 1,051,313 | 1,051,313 | 1,051,313 | 1,051,313 | 1,051,313 | 1,051,313 | 1,051,313 | 1,051,313 | 1,051,313 |
| 2441 | CONDUIT SYSTEM-FIBER | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 |
| 21 | TOTAL | 48,189,727 | 47,323,959 | 47,358,959 | 47,393,959 | 47,428,959 | 47,463,959 | 50,684,765 | 50,719,765 | 50,754,765 | 50,789,765 | 50,824,765 |

A/ Per response to Item 3 of the September 17, 2001 TRA Information Request.

UNITED TELEPHONE CO. ANY
MONTHLY PLANT IN SERVICE
FOR THE YEARS ENDING DECEMBER 31, 2000-2002

RTB-304A
DATE: 10/1/01
TIME: 12:56 PM

| ACCT NO. | ACCOUNT NAME | 11/30/01 | 12/31/01 | 1/31/02 | 2/28/02 | 3/31/02 | 4/30/02 | 5/31/02 | 6/30/02 | 7/31/02 | 8/31/02 | 9/30/02 |
|----------|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 2112 | MOTOR VEHICLES | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 | 585,425 |
| 2116 | OTHER WORK EQUIPMENT | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 | 89,228 |
| 2121 | BUILDINGS | 2,174,815 | 2,174,815 | 2,174,815 | 2,174,815 | 2,174,815 | 2,174,815 | 2,174,815 | 2,174,815 | 2,174,815 | 2,174,815 | 2,174,815 |
| 2122 | FURNITURE | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 | 71,972 |
| 2123 | OFFICE EQUIPMENT | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 | 82,306 |
| 2124 | GENERAL PURPOSE COMPUTERS | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 | 803,076 |
| 2212 | DIGITAL ELECTRONIC SWITCHING | 14,987,809 | 14,987,809 | 14,987,809 | 14,987,809 | 14,987,809 | 14,987,809 | 14,987,809 | 15,750,582 | 15,750,582 | 15,750,582 | 16,750,582 |
| 2215 | ELECTRO-MECHANICAL SWITCHING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2232 | CIRCUIT EQUIPMENT | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 | 2,707,718 |
| 2411 | POLES | 4,262,297 | 4,262,297 | 4,272,297 | 4,272,297 | 4,282,297 | 4,282,297 | 4,292,297 | 4,302,297 | 4,302,297 | 4,307,297 | 4,312,297 |
| 2421 | AERIAL CABLE-METAL | 16,042,231 | 17,184,158 | 17,214,158 | 17,244,158 | 17,304,158 | 17,334,158 | 17,397,431 | 17,927,431 | 17,957,431 | 17,987,431 | 19,459,531 |
| 2421 | AERIAL CABLE-FIBER | 2,091,092 | 2,553,395 | 2,553,395 | 2,553,395 | 2,553,395 | 2,553,395 | 2,553,395 | 2,783,448 | 2,783,448 | 2,783,448 | 3,372,432 |
| 2423 | BURIED CABLE-METAL | 894,374 | 1,192,250 | 1,192,250 | 1,192,250 | 1,192,250 | 1,192,250 | 1,192,250 | 1,340,480 | 1,340,480 | 1,340,480 | 1,719,980 |
| 2423 | BURIED CABLE-FIBER | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 | 102,439 |
| 2431 | AERIAL WIRE | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 | 745,051 |
| 2111 | LAND | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 |
| 2003 | CWIP | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| 2422 | UNDERGROUND CABLE-METAL | 935,887 | 1,181,337 | 1,181,337 | 1,181,337 | 1,181,337 | 1,181,337 | 1,181,337 | 1,303,478 | 1,303,478 | 1,303,478 | 1,616,186 |
| 2422 | UNDERGROUND CABLE-FIBER | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 | 56,115 |
| 2441 | CONDUIT SYSTEM-METAL | 1,051,313 | 1,296,763 | 1,296,763 | 1,296,763 | 1,296,763 | 1,296,763 | 1,296,763 | 1,418,904 | 1,418,904 | 1,418,904 | 1,731,612 |
| 2441 | CONDUIT SYSTEM-FIBER | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 | 1,764 |
| 21 | TOTAL | 50,859,765 | 53,257,771 | 53,292,771 | 53,322,771 | 53,362,771 | 53,397,771 | 53,432,771 | 55,416,382 | 55,451,382 | 55,486,382 | 59,557,382 |

RTB-300

UNITED TELEPHONE COMPANY
MATERIALS AND SUPPLIES
FOR THE YEARS ENDING DECEMBER 31, 2000-2002

| <u>DATE</u> | <u>MATERIALS & SUPPLIES</u> | <u>AVERAGE M&S</u> | |
|-------------|-------------------------------------|----------------------------|----|
| 12/31/98 | 395,616 | --- | A/ |
| 12/31/99 | 323,920 | 359,768 | A/ |
| 12/31/00 | 438,389 | 381,155 | A/ |
| 12/31/01 | 438,389 | 381,155 | |
| 12/31/02 | 438,389 | 381,155 | |

A/ PER RESPONSE TO ITEM 6 OF THE DISCOVERY REQUEST DATED JUNE 14, 2001.

| FOR THE YEARS ENDING DECEMBER 31st, 2000-2001 | | | | | | | | | | | | |
|---|------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------------|
| ACCT NO. | ACCOUNT NAME | A/ | | A/ | | A/ | | A/ | | A/ | | ACCUMULATED DEPRECIATION 10/31/01 |
| | | DEPRECIATION 12/31/00 | DEPRECIATION 1/31/01 | DEPRECIATION 2/28/01 | DEPRECIATION 3/31/01 | DEPRECIATION 4/30/01 | DEPRECIATION 5/31/01 | DEPRECIATION 6/30/01 | DEPRECIATION 7/31/01 | DEPRECIATION 8/31/01 | DEPRECIATION 9/30/01 | |
| 2112 | MOTOR VEHICLES | 109,562 | 115,416 | 121,271 | 127,125 | 132,979 | 138,833 | 144,688 | 150,542 | 156,396 | 162,250 | 168,105 |
| 2116 | OTHER WORK EQUIPMENT | 69,593 | 70,188 | 70,783 | 71,377 | 71,972 | 72,567 | 73,162 | 73,757 | 74,352 | 74,947 | 75,541 |
| 2121 | BUILDINGS | 359,648 | 363,210 | 366,773 | 370,336 | 373,899 | 377,461 | 381,024 | 384,649 | 388,273 | 391,898 | 395,523 |
| 2122 | FURNITURE | 42,253 | 42,613 | 42,973 | 43,333 | 43,693 | 44,053 | 44,413 | 44,772 | 45,132 | 45,492 | 45,852 |
| 2123 | OFFICE EQUIPMENT | 23,434 | 23,845 | 24,257 | 24,668 | 25,080 | 25,491 | 25,903 | 26,314 | 26,726 | 27,137 | 27,549 |
| 2124 | GENERAL PURPOSE COMPUTERS | 277,367 | 281,383 | 285,398 | 289,413 | 293,429 | 297,444 | 301,460 | 305,475 | 309,490 | 313,506 | 317,521 |
| 2212 | DIGITAL ELECTRONIC SWITCHING | (1,350,203) | (1,267,143) | (1,184,083) | (1,101,022) | (1,017,962) | (934,902) | (851,842) | (751,923) | (652,004) | (552,085) | (452,167) |
| 2215 | ELECTRO-MECHANICAL SWITCHING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2232 | CIRCUIT EQUIPMENT | 456,835 | 465,861 | 474,886 | 483,912 | 492,938 | 501,964 | 510,989 | 520,015 | 529,041 | 538,067 | 547,092 |
| 2411 | POLES | 824,491 | 838,549 | 852,623 | 866,714 | 880,822 | 894,946 | 899,087 | 913,211 | 927,352 | 941,510 | 955,684 |
| 2421 | AERIAL CABLE-METAL | 5,352,040 | 5,402,314 | 5,452,689 | 5,503,163 | 5,553,738 | 5,604,412 | 5,625,187 | 5,678,161 | 5,731,235 | 5,784,409 | 5,837,683 |
| 2421 | AERIAL CABLE-FIBER | 197,712 | 204,682 | 211,652 | 218,623 | 225,593 | 232,563 | 239,533 | 246,504 | 253,474 | 260,444 | 267,415 |
| 2423 | BURIED CABLE-METAL | 82,542 | 84,331 | 86,120 | 87,909 | 89,697 | 91,486 | 93,275 | 95,064 | 96,852 | 98,641 | 100,430 |
| 2423 | BURIED CABLE-FIBER | 955 | 1,160 | 1,364 | 1,569 | 1,774 | 1,979 | 2,184 | 2,389 | 2,594 | 2,799 | 3,003 |
| 2431 | AERIAL WIRE | 109,718 | 110,959 | 112,201 | 113,443 | 114,685 | 115,926 | 117,168 | 118,410 | 119,652 | 120,893 | 122,135 |
| 2111 | LAND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2003 | CWIP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2422 | UNDERGROUND CABLE-METAL | 31,061 | 32,932 | 34,804 | 36,676 | 38,548 | 40,420 | 42,291 | 44,163 | 46,035 | 47,907 | 49,778 |
| 2422 | UNDERGROUND CABLE-FIBER | 906 | 1,018 | 1,131 | 1,243 | 1,355 | 1,467 | 1,580 | 1,692 | 1,804 | 1,916 | 2,029 |
| 2441 | CONDUIT SYSTEM-METAL | 25,667 | 27,769 | 29,872 | 31,974 | 34,077 | 36,180 | 38,282 | 40,385 | 42,488 | 44,590 | 46,693 |
| 2441 | CONDUIT SYSTEM-FIBER | 15 | 18 | 20 | 23 | 26 | 29 | 32 | 35 | 38 | 41 | 44 |
| 21 | TOTAL | 6,613,594 | 6,799,106 | 6,984,735 | 7,170,480 | 7,356,342 | 7,542,321 | 7,688,416 | 7,893,615 | 8,098,930 | 8,304,362 | 8,509,911 |

TRA #01-00451
CAPD Exhibit 2
Page 50 of 62

| ACCT NO. | ACCOUNT NAME | 11/30/01 | 12/31/01 | 1/31/02 | 2/28/02 | 3/31/02 | 4/30/02 | 5/31/02 | 6/30/02 | 7/31/02 | 8/31/02 | 9/30/02 |
|----------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|
| 2112 | MOTOR VEHICLES | 173,959 | 179,813 | 185,667 | 191,522 | 197,376 | 203,230 | 209,084 | 214,939 | 220,793 | 226,647 | 232,501 |
| 2116 | OTHER WORK EQUIPMENT | 76,136 | 76,731 | 77,326 | 77,921 | 78,516 | 79,111 | 79,705 | 80,300 | 80,895 | 81,490 | 82,085 |
| 2121 | BUILDINGS | 399,148 | 402,772 | 406,397 | 410,022 | 413,646 | 417,271 | 420,896 | 424,520 | 428,145 | 431,770 | 435,394 |
| 2122 | FURNITURE | 46,212 | 46,572 | 46,932 | 47,291 | 47,651 | 48,011 | 48,371 | 48,731 | 49,091 | 49,451 | 49,810 |
| 2123 | OFFICE EQUIPMENT | 27,961 | 28,372 | 28,784 | 29,195 | 29,607 | 30,018 | 30,430 | 30,841 | 31,253 | 31,664 | 32,076 |
| 2124 | GENERAL PURPOSE COMPUTERS | 321,536 | 325,552 | 329,567 | 333,583 | 337,598 | 341,613 | 345,629 | 349,644 | 353,659 | 357,675 | 361,690 |
| 2212 | DIGITAL ELECTRONIC SWITCHING | (352,248) | (252,329) | (152,410) | (52,492) | 47,427 | 147,346 | 247,264 | 347,183 | 452,187 | 557,191 | 662,195 |
| 2215 | ELECTRO-MECHANICAL SWITCHING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2232 | CIRCUIT EQUIPMENT | 556,118 | 565,144 | 574,169 | 583,195 | 592,221 | 601,247 | 610,272 | 619,298 | 628,324 | 637,350 | 646,375 |
| 2411 | POLES | 969,875 | 984,083 | 998,307 | 1,012,548 | 1,026,806 | 1,041,080 | 1,055,371 | 1,069,679 | 1,084,003 | 1,098,344 | 1,112,702 |
| 2421 | AERIAL CABLE-METAL | 5,891,058 | 5,944,532 | 6,001,812 | 6,059,193 | 6,116,673 | 6,174,254 | 6,231,934 | 6,289,715 | 6,349,473 | 6,409,331 | 6,469,289 |
| 2421 | AERIAL CABLE-FIBER | 274,385 | 281,355 | 289,867 | 298,378 | 306,889 | 315,401 | 323,912 | 332,423 | 341,701 | 350,980 | 360,258 |
| 2423 | BURIED CABLE-METAL | 102,219 | 104,007 | 106,392 | 108,776 | 111,161 | 113,545 | 115,930 | 118,314 | 120,995 | 123,676 | 126,357 |
| 2423 | BURIED CABLE-FIBER | 3,208 | 3,413 | 3,618 | 3,823 | 4,028 | 4,233 | 4,438 | 4,642 | 4,847 | 5,052 | 5,257 |
| 2431 | AERIAL WIRE | 123,377 | 124,619 | 125,860 | 127,102 | 128,344 | 129,586 | 130,827 | 132,069 | 133,311 | 134,553 | 135,794 |
| 2111 | LAND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2003 | CWIP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2422 | UNDERGROUND CABLE-METAL | 51,650 | 53,522 | 55,885 | 58,247 | 60,610 | 62,973 | 65,335 | 67,698 | 70,305 | 72,912 | 75,519 |
| 2422 | UNDERGROUND CABLE-FIBER | 2,141 | 2,253 | 2,365 | 2,477 | 2,590 | 2,702 | 2,814 | 2,926 | 3,039 | 3,151 | 3,263 |
| 2441 | CONDUIT SYSTEM-METAL | 48,795 | 50,898 | 53,492 | 56,085 | 58,679 | 61,272 | 63,866 | 66,459 | 69,297 | 72,135 | 74,973 |
| 2441 | CONDUIT SYSTEM-FIBER | 47 | 50 | 53 | 56 | 59 | 62 | 65 | 68 | 70 | 73 | 76 |
| 21 | TOTAL | 8,715,576 | 8,921,358 | 9,134,082 | 9,346,922 | 9,559,879 | 9,772,953 | 9,986,143 | 10,199,450 | 10,421,389 | 10,643,444 | 10,865,615 |

| ACCT NO. | ACCOUNT NAME | NET | | NET | | NET | | NET | | NET | | NET | | NET | | NET | | | | |
|----------|------------------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|------------------|---------|------------------|---------|------------------|---------|------------------|---------|------------------|
| | | PLANT IN SERVICE | 1/31/00 | PLANT IN SERVICE | 2/28/01 | PLANT IN SERVICE | 3/31/01 | PLANT IN SERVICE | 4/30/01 | PLANT IN SERVICE | 5/31/01 | PLANT IN SERVICE | 6/30/01 | PLANT IN SERVICE | 7/31/01 | PLANT IN SERVICE | 8/31/01 | PLANT IN SERVICE | 9/30/01 | PLANT IN SERVICE |
| 2112 | MOTOR VEHICLES | 475,862 | 470,008 | 464,154 | 458,300 | 452,445 | 446,591 | 440,737 | 434,883 | 429,028 | 423,174 | 417,320 | | | | | | | | |
| 2116 | OTHER WORK EQUIPMENT | 19,635 | 19,040 | 18,445 | 17,850 | 17,255 | 16,660 | 16,066 | 15,471 | 14,876 | 14,281 | 13,686 | | | | | | | | |
| 2121 | BUILDINGS | 1,778,006 | 1,774,443 | 1,770,881 | 1,767,318 | 1,763,755 | 1,760,192 | 1,756,631 | 1,753,068 | 1,749,505 | 1,745,942 | 1,742,379 | | | | | | | | |
| 2122 | FURNITURE | 29,718 | 29,359 | 28,999 | 28,639 | 28,279 | 27,919 | 27,559 | 27,199 | 26,840 | 26,480 | 26,120 | | | | | | | | |
| 2123 | OFFICE EQUIPMENT | 58,873 | 58,461 | 58,050 | 57,638 | 57,226 | 56,815 | 56,403 | 55,992 | 55,580 | 55,169 | 54,757 | | | | | | | | |
| 2124 | GENERAL PURPOSE COMPUTERS | 525,708 | 521,693 | 517,678 | 513,662 | 509,647 | 505,632 | 501,616 | 497,601 | 493,585 | 489,570 | 485,555 | | | | | | | | |
| 2212 | DIGITAL ELECTRONIC SWITCHING | 13,809,242 | 13,726,181 | 13,643,121 | 13,560,061 | 13,477,001 | 13,393,940 | 15,839,650 | 15,739,731 | 15,639,813 | 15,539,894 | 15,439,975 | | | | | | | | |
| 2215 | ELECTRO-MECHANICAL SWITCHING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | | | |
| 2232 | CIRCUIT EQUIPMENT | 2,250,883 | 2,241,857 | 2,232,832 | 2,223,806 | 2,214,780 | 2,205,754 | 2,196,729 | 2,187,703 | 2,178,677 | 2,169,652 | 2,160,626 | | | | | | | | |
| 2411 | POLES | 3,392,806 | 3,383,748 | 3,374,674 | 3,365,583 | 3,356,475 | 3,347,351 | 3,338,210 | 3,329,086 | 3,319,945 | 3,310,787 | 3,301,613 | | | | | | | | |
| 2421 | AERIAL CABLE-METAL | 9,730,316 | 9,710,042 | 9,689,667 | 9,669,193 | 9,648,618 | 9,627,944 | 10,267,044 | 10,244,070 | 10,220,996 | 10,197,822 | 10,174,548 | | | | | | | | |
| 2423 | BURIED CABLE-METAL | 1,893,381 | 1,886,410 | 1,879,440 | 1,872,470 | 1,865,499 | 1,858,529 | 1,851,559 | 1,844,588 | 1,837,618 | 1,830,648 | 1,823,677 | | | | | | | | |
| 2423 | BURIED CABLE-FIBER | 811,832 | 810,043 | 808,255 | 806,466 | 804,677 | 802,888 | 801,100 | 799,311 | 797,522 | 795,733 | 793,945 | | | | | | | | |
| 2431 | AERIAL WIRE | 101,484 | 101,280 | 101,075 | 100,870 | 100,665 | 100,460 | 100,255 | 100,050 | 99,845 | 99,640 | 99,436 | | | | | | | | |
| 2111 | LAND | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | 174,853 | | | | | | | | |
| 2003 | CWIP | 3,900,769 | 3,900,769 | 3,900,769 | 3,900,769 | 3,900,769 | 3,900,769 | 3,900,769 | 3,900,769 | 3,900,769 | 3,900,769 | 3,900,769 | | | | | | | | |
| 2422 | UNDERGROUND CABLE-METAL | 904,827 | 902,955 | 901,083 | 899,211 | 897,340 | 895,468 | 893,596 | 891,724 | 889,853 | 887,981 | 886,109 | | | | | | | | |
| 2422 | UNDERGROUND CABLE-FIBER | 55,209 | 55,097 | 54,985 | 54,873 | 54,760 | 54,648 | 54,536 | 54,424 | 54,311 | 54,199 | 54,087 | | | | | | | | |
| 2441 | CONDUIT SYSTEM-METAL | 1,025,647 | 1,023,544 | 1,021,441 | 1,019,339 | 1,017,236 | 1,015,134 | 1,013,031 | 1,010,928 | 1,008,826 | 1,006,723 | 1,004,620 | | | | | | | | |
| 2441 | CONDUIT SYSTEM-FIBER | 1,749 | 1,746 | 1,744 | 1,741 | 1,738 | 1,735 | 1,732 | 1,729 | 1,726 | 1,723 | 1,720 | | | | | | | | |

[illegible]

[illegible]

UNITED TELEPHONE COMPANY
ACCUMULATED DEFERRED FEDERAL INCOME TAX
FOR THE YEARS ENDING DECEMBER 31, 2000-2002

RTB-302A

9/28/01

1:44 PM

ACCUMULATED DEFERRED FEDERAL INCOME TAX SUMMARY

| | | | |
|----|---|------------------|----|
| 1 | ADFIT AT 12/31/00 | 3,855,080 | A/ |
| 2 | TAX DEPRECIATION | 5,669,749 | B/ |
| 3 | BOOK DEPRECIATION | 1,798,827 | |
| 4 | TAX DEPRECIATION OVER BOOK DEPRECIATION | <u>3,870,922</u> | |
| 5 | | | |
| 6 | FEDERAL INCOME TAX AT 34% | 1,316,113 | |
| 7 | TOTAL TAXES | <u>1,316,113</u> | |
| 8 | AMORT OF EXC DEFERRED FIT | 0 | |
| 9 | OTHER(FAS 109) | 0 | |
| 10 | SUBTOTAL | <u>1,316,113</u> | |
| 11 | ADFIT BALANCE AT 12/31/01 | 5,171,193 | |
| 12 | AVERAGE ADFIT BALANCE AT 6/30/01 (MDPT OF ATTR YF | <u>4,513,137</u> | |
| | ADFIT AT 12/31/01 | 5,171,193 | |
| 13 | TAX DEPRECIATION | 4,253,242 | |
| 14 | BOOK DEPRECIATION | 2,978,888 | |
| 15 | TAX DEPRECIATION OVER BOOK DEPRECIATION | <u>1,274,354</u> | |
| 16 | | | |
| 17 | FEDERAL INCOME TAX AT 34% | 433,280 | |
| 18 | TOTAL TAXES | <u>433,280</u> | |
| 19 | AMORT OF EXC DEFERRED FIT | 0 | |
| 20 | OTHER(FAS 109) | 0 | |
| 21 | SUBTOTAL | <u>433,280</u> | |
| 22 | ADFIT BALANCE AT 12/31/02 | 5,604,474 | |
| 23 | ADFIT BALANCE AT 12/31/01 | 5,171,193 | |
| 24 | ADFIT BALANCE AT 12/31/02 | 5,604,474 | |
| 25 | AVERAGE ADFIT BALANCE AT 6/30/02 (MDPT OF ATTR YF | <u>5,387,834</u> | |

A/ Per Response to Item 4, page 54 of 73 of Discovery Request Dated June 14, 2001.
 B/ Per Response to Item 31(b), of Discovery Request Dated June 14, 2001.

Line 17, Column (a)

Include the following:

1. Dividends (other than capital gain dividends and exempt-interest dividends) that are received from RICs and that are not subject to the 70% deduction.

2. Dividends from tax-exempt organizations.

3. Dividends (other than capital gain dividends) received from a REIT that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856 through 860.

4. Dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock.

Two situations in which the dividends-received deduction will not be allowed on any share of stock are:

- If the corporation held it less than 46 days during the 90-day period beginning 45 days before the stock became ex-dividend with respect to the dividend (see section 246(c)(1)(A)) or

- To the extent the corporation is under an obligation to make related payments for substantially similar or related property.

5. Any other taxable dividend income not properly reported above (including distributions under section 936(h)(4)).

If patronage dividends or per-unit retain allocations are included on line 17, identify the total of these amounts in a schedule attached to Form 1120.

Line 18, Column (c)

Section 247 allows public utilities a deduction of 40% of the smaller of:

- Dividends paid on their preferred stock during the tax year or

- Taxable income computed without regard to this deduction.

In a year in which an NOL occurs, compute the deduction without regard to section 247(a)(1)(B). See section 172(d).

Schedule J, Form 1120 (Part I, Form 1120-A)

Tax Computation

Note: Members of a controlled group must attach a statement showing the computation of the tax entered on line 3.

Lines 1 and 2, Form 1120

Members of a controlled group (Form 1120 only). A member of a controlled group, as defined in section 1563, must check the box on line 1 and complete lines 2a and 2b of Schedule J, Form 1120.

Line 2a. Members of a controlled group are entitled to one \$50,000, one \$25,000, and one \$9,925,000 taxable income bracket amount (in that order) on line 2a.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. See Regulations section 1.1561-3(b) for other requirements and for the time and manner of making the consent.

Unequal apportionment plan.

Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they want. There is no need for consistency among taxable income brackets. Any member may be entitled to all, some, or none of the taxable income bracket. However, the total amount for all members cannot be

more than the total amount in each taxable income bracket.

Equal apportionment plan. If an equal apportionment plan is adopted, members of a controlled group must divide the amount in each taxable income bracket equally among themselves. For example, Controlled Group AB consists of Corporation A and Corporation B. They do not elect an apportionment plan. Therefore, each corporation is entitled to:

- \$25,000 (one-half of \$50,000) on line 2a(1),
- \$12,500 (one-half of \$25,000) on line 2a(2), and
- \$4,962,500 (one-half of \$9,925,000) on line 2a(3).

Line 2b. Members of a controlled group are treated as one group to figure the applicability of the additional 5% tax and the additional 3% tax. If an additional tax applies, each member will pay that tax based on the part of the amount used in each taxable income bracket to reduce that member's tax. See section 1561(a). If an additional tax applies, attach a schedule showing the taxable income of the entire group and how the corporation figured its share of the additional tax.

Line 2b(1). Enter the corporation's share of the additional 5% tax on line 2b(1).

Line 2b(2). Enter the corporation's share of the additional 3% tax on line 2b(2).

Line 3, Form 1120 (Line 1, Form 1120-A)

Most corporations figure their tax by using the Tax Rate Schedule below. Exceptions apply to members of a controlled group (see worksheet below) and qualified personal service corporations (see below).

Tax Rate Schedule

If taxable income (line 30, Form 1120, or line 26, Form 1120-A) on page 1 is:

| Over— | But not over— | Tax is: | Of the amount over— |
|------------|---------------|-----------------|---------------------|
| \$0 | \$50,000 | 15% | \$0 |
| 50,000 | 75,000 | \$ 7,500 + 25% | 50,000 |
| 75,000 | 100,000 | 13,750 + 34% | 75,000 |
| 100,000 | 335,000 | 22,250 + 39% | 100,000 |
| 335,000 | 10,000,000 | 113,900 + 34% | 335,000 |
| 10,000,000 | 15,000,000 | 3,400,000 + 35% | 10,000,000 |
| 15,000,000 | 18,333,333 | 5,150,000 + 38% | 15,000,000 |
| 18,333,333 | | 35% | 0 |

Qualified personal service corporation. A qualified personal service corporation is taxed at a flat rate of 35% on taxable income. A corporation is a qualified personal service corporation if it meets both of the following tests:

- Substantially all of the corporation's activities involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting and
- At least 95% of the corporation's stock, by value, is owned, directly or indirectly, by (1) employees performing the services, (2) retired employees who had performed the services listed above, (3) any estate of the employee or retiree described

Tax Computation Worksheet for Members of a Controlled Group

(keep for your records)

Note: Each member of a controlled group (except a qualified personal service corporation) must compute the tax using this worksheet.

1. Enter taxable income (line 30, page 1, Form 1120) 1. _____
2. Enter line 1 or the corporation's share of the \$50,000 taxable income bracket, whichever is less 2. _____
3. Subtract line 2 from line 1 3. _____
4. Enter line 3 or the corporation's share of the \$25,000 taxable income bracket, whichever is less 4. _____
5. Subtract line 4 from line 3 5. _____
6. Enter line 5 or the corporation's share of the \$9,925,000 taxable income bracket, whichever is less 6. _____
7. Subtract line 6 from line 5 7. _____
8. Multiply line 2 by 15% 8. _____
9. Multiply line 4 by 25% 9. _____
10. Multiply line 6 by 34% 10. _____
11. Multiply line 7 by 35% 11. _____
12. If the taxable income of the controlled group exceeds \$100,000, enter this member's share of the smaller of: 5% of the taxable income in excess of \$100,000, or \$11,750 (See the instructions for Schedule J, line 2b.) 12. _____
13. If the taxable income of the controlled group exceeds \$15 million, enter this member's share of the smaller of: 3% of the taxable income in excess of \$15 million, or \$100,000 (See the instructions for Schedule J, line 2b.) 13. _____
14. **Total.** Add lines 8 through 13. Enter here and on line 3, Schedule J, Form 1120 14. _____

UNITED TELEPHONE COMPANY
CUSTOMER DEPOSITS
FOR THE YEARS ENDING DECEMBER 31, 1999-2002

RTB-301

TRA #01-00451
CAPD Exhibit 2
Page 58 of 62
9/17/01
4:20 PM

| <u>DATE</u> | <u>CUSTOMER DEPOSITS</u> | <u>AVERAGE CUST DEP</u> | |
|-------------|------------------------------|-----------------------------|----|
| 12/31/98 | 54,593 | --- | A/ |
| 12/31/99 | 57,690 | 56,142 | A/ |
| 12/31/00 | 51,980 | 54,835 | A/ |
| 12/31/01 | | 54,835 | |
| 12/31/02 | | 54,835 | |

A/ PER RESPONSE TO ITEM 6 OF THE DISCOVERY REQUEST DATED JUNE 14, 2001.

UNITED TELEPHONE COMPANY
ANALYSIS OF AFFILIATED CHARGES (UTC LONG DISTANCE)
FOR THE YEARS 2000-2002

| | 2000 | 2001 | 2002 |
|--|---------------|---------------|-----------------|
| NON-REGULATED REVENUES | \$ 586,570 | \$ 848,248 | \$ 1,618,293 * |
| TOTAL REVENUES | \$ 10,729,164 | \$ 10,589,860 | \$ 13,159,609 # |
| PERCENT | 5.47% | 8.01% | 12.30% |
| TOTAL ALLOCATED O&M | 128,192 | 134,832 @ | 141,817 @ |
| TOTAL O&M AFTER ALLOCATION | 2,257,158 | | 2,474,436 |
| TOTAL O&M SUBJECT TO ALLOCATION | 2,385,350 | | 2,616,253 |
| PERCENT O&M ALLOCATED | 5.37% | | 5.42% |
| PERCENT ALLOCATED @11.85% | | | 321,732 |
| INCREASE ALLOCATION | | | 179,915 |
| LESS: AMOUNT BILLED TO UNITED LONG DISTANCE PER CONTF | | | 14,400 |
| NET INCREASED ALLOCATION | | | 165,515 |
| AMOUNT FROM PLANT NON-SPECIFIC | 19,683 | 15.35% | 25,414 |
| AMOUNT FROM CUSTOMER OPERATIONS | 52,367 | 40.85% | 67,614 |
| AMOUNT FROM CORPORATE OPERATIONS | 56,142 | 43.80% | 72,488 |
| AMOUNT FROM INTERSTATE B&C @ 6% OF CUSTOMER OPERATIONS | | | 61,984 |

INCLUDES REGULATED AND NON REGULATED

* INCLUDES \$782,351 FROM UNITED LONG DISTANCE GROWN AT CAPD ANNUAL ACCESS LINE RATE.

@ GROWN AT AN ANNUAL RATE OF 5.18%.

TRA #01-00451
CAPD Exhibit 2
Page 60 of 62

From: James Ramsay <JRamsay@naruc.org>
To: "Tcom (E-mail)" <naruc-tcom@nrri.ohio-state.edu>
Date: 9/13/01 2:51PM
Subject: FCC News Release re: separate affiliate rules for incumbent independent local phone carriers

From today's agenda meeting - THANKS TO MIKE BALMORIS FOR FORWARDING THIS TO ME. [Will forward more when I get it]

Sent: Thursday, September 13, 2001 11:48 AM

FCC INITIATES PROCEEDING TO REVIEW SEPARATE AFFILIATE RULES FOR INCUMBENT INDEPENDENT LOCAL PHONE CARRIERS

Washington, D.C. - Today, the Federal Communications Commission (FCC) adopted a proposal to reexamine rules pertaining to the provisioning of in-region, interexchange services by incumbent independent local exchange carriers (LECs). Incumbent independent LECs are non-Bell Operating Company LECs and are typically small and often rural carriers with less than 2% of the nation's access lines.

Michael Balmoris
Federal Communications Commission
Common Carrier Bureau, Public Affairs
Phone: 202-418-0253
Fax: 202-418-7343
Email: mbalmori@fcc.gov

UNITED TELEPHONE COMPANY
TRA DOCKET #01-00451
NON-RECURRING EXPENSES FOR THE YEAR 2002

RTB-213

| <u>LINE NO.</u> | <u>DESCRIPTION</u> | <u>AMOUNT</u> |
|---------------------|--|---------------|
| 1 | ACCOUNT #6232 NON-RECURRING - LADD ENGINEERING | 14,442 A/ |
| 2 | ACCOUNT #6532 NON-RECURRING - 1999 WORK ORDER CLOSINGS | 15,938 B/ |
| 3 | ACCOUNT #6622 NON-RECURRING - 1999 L.M. BERRY | 74,000 C/ |
| 4 | TOTAL | |

A/ PER RESPONSE TO CAPD INFORMATION REQUEST DATED 7/27/01, ITEM 54.
B/ PER RESPONSE TO CAPD INFORMATION REQUEST DATED 7/27/01, ITEM 55.
C/ PER COMPANY RESPONSE.

UNITED TELEPHONE COMPANY
COMPARISON OF REVENUES BY JURISDICTION

RTB-500

| YEAR 2001 | UNITED | CAPD | DIFFERENCE |
|--------------------------------|--------------|---------------|--------------|
| LOCAL SERVICE | \$ 2,713,441 | \$ 3,501,901 | \$ 788,460 |
| INTERSTATE ACCESS | 3,210,132 | 3,507,993 | 297,861 |
| PAYPHONE ACCESS | 2,004 | 2,004 | - |
| SPECIAL ACCESS-INTERSTATE | 125,745 | 125,745 | - |
| SWITCHED ACCESS-INTRA/INTRA | 2,920,882 * | 1,867,281 | (1,053,601) |
| SWITCHED ACCESS-INTRA/INTER | - | 1,105,122 | 1,105,122 |
| SPECIAL ACCESS-INTRASTATE | 210,133 | 210,133 | - |
| TOTAL ACCESS REVENUES | 6,468,896 | 6,818,278 | 349,382 |
| LONG DISTANCE REVENUES | (112,110) | - | 112,110 |
| DIRECTORY REVENUE | 28,850 | 28,850 | - |
| NECA - INTRASTATE | 70,865 | 70,865 | - |
| NECA - INTERSTATE | 18,912 | 18,912 | - |
| CARRIER B&C INTERSTATE | 144,047 | - | (144,047) |
| CARRIER B&C INTRA/INTRA (BELL) | 440,800 * | 202,314 | (238,486) |
| CARRIER B&C INTRA/INTER | - | 210,268 | 210,268 |
| TOTAL MISCELLANEOUS REVENUE | 703,474 | 531,209 | (172,265) |
| UNCOLLECTIBLE REVENUE | (128,255) | (87,548) | 40,707 |
| TOTAL OPERATING REVENUE | \$ 9,645,446 | \$ 10,763,840 | \$ 1,118,394 |
| YEAR 2002 | UNITED | CAPD | DIFFERENCE |
| LOCAL SERVICE | \$ 2,926,755 | \$ 3,909,858 | \$ 983,103 |
| INTERSTATE ACCESS | 3,300,095 | 3,600,717 | 300,622 |
| PAYPHONE ACCESS | 2,204 | 2,204 | - |
| SPECIAL ACCESS-INTERSTATE | 137,062 | 137,062 | - |
| SWITCHED ACCESS-INTRA/INTRA | 2,921,000 * | 1,899,281 | (1,021,719) |
| SWITCHED ACCESS-INTRA/INTER | - | 1,172,092 | 1,172,092 |
| SPECIAL ACCESS-INTRASTATE | 229,045 | 229,045 | - |
| TOTAL ACCESS REVENUES | 6,589,406 | 7,040,401 | 450,995 |
| LONG DISTANCE REVENUES | (112,110) | - | 112,110 |
| DIRECTORY REVENUE | 29,427 | 29,427 | - |
| NECA - INTRASTATE | 74,408 | 74,408 | - |
| NECA - INTERSTATE | 19,858 | 19,858 | - |
| CARRIER B&C INTERSTATE | 146,928 | - | (146,928) |
| CARRIER B&C INTRA/INTRA (BELL) | 449,616 * | 214,574 | (235,042) |
| CARRIER B&C INTRA/INTER | - | 350,536 | 350,536 |
| TOTAL MISCELLANEOUS REVENUE | 720,237 | 688,803 | (31,434) |
| UNCOLLECTIBLE REVENUE | (141,022) | (97,746) | 43,276 |
| TOTAL OPERATING REVENUE | \$ 9,983,266 | \$ 11,541,316 | \$ 1,558,050 |

* United forecast does not segregate intrastate jurisdiction.

UNITED TELEPHONE COMPANY
Record of Earnings
For the years 1988-2000

CAPD EXHIBIT III

| Line No. | (1) Actual 1988 | (2) Actual 1989 | (3) Actual 1990 | (4) Actual 1991 | (5) Actual 1992 | (6) Actual 1993 | (7) Actual 1994 | (8) Actual 1995 | (9) Actual 1996 | (10) Actual 1997 | (11) Actual 1998 | (12) Actual 1999 | (13) Actual 2000 |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| REVENUES: | | | | | | | | | | | | | |
| 1 Local | \$874,631 | \$945,345 | \$1,003,347 | \$1,082,425 | \$1,357,283 | \$1,475,784 | \$1,566,276 | \$1,715,646 | \$1,910,854 | \$2,137,392 | \$2,486,643 | \$2,779,001 | \$3,136,563 |
| 2 Access | 1,226,607 | 1,318,012 | 1,331,060 | 1,325,255 | 1,696,373 | 1,775,736 | 2,408,157 | 3,827,655 | 4,252,266 | 4,700,151 | 5,093,897 | 5,267,210 | 6,185,945 |
| 3 Toll | 1,149,963 | 1,366,038 | 1,417,097 | 1,420,818 | 1,497,597 | 1,553,226 | 1,586,951 | 114,586 | 5,565 | 31,117 | 27,182 | 24,753 | 25,323 |
| 4 Miscellaneous | 137,465 | 334,106 | 253,266 | 316,417 | 301,998 | 306,385 | 315,671 | 765,453 | 930,815 | 1,115,653 | 1,192,300 | 1,353,182 | 577,836 |
| 5 Uncollectible | 24,395 | 22,471 | 23,047 | 42,030 | 43,903 | 26,669 | 29,903 | 42,451 | 54,315 | 79,674 | 61,331 | 89,072 | 32,115 |
| 6 TOTAL REVENUES | \$3,364,281 | \$3,931,030 | \$3,981,723 | \$4,102,885 | \$4,739,348 | \$5,084,462 | \$5,847,152 | \$6,380,889 | \$7,045,185 | \$7,904,639 | \$8,738,691 | \$9,335,074 | \$9,893,542 |
| EXPENSES: | | | | | | | | | | | | | |
| 7 Plant Specific | \$502,830 | \$602,997 | \$695,521 | \$717,481 | \$751,372 | \$931,168 | \$965,221 | \$1,019,295 | \$1,085,421 | \$1,250,689 | \$264,468 | \$1,604,220 | \$1,383,481 |
| 8 Plant Non-Specific | 125,969 | 144,124 | 159,987 | 150,898 | 175,290 | 202,267 | 209,893 | 219,888 | 252,268 | 246,032 | 1,366,434 | 350,224 | 340,397 |
| 9 Customer Operations | 278,894 | 335,323 | 320,212 | 325,962 | 369,889 | 398,528 | 434,768 | 585,790 | 697,803 | 658,752 | 602,841 | 637,042 | 947,920 |
| 10 Corporate Operations | 465,782 | 496,291 | 507,002 | 550,743 | 556,752 | 614,172 | 638,725 | 601,494 | 636,930 | 688,611 | 746,552 | 849,129 | 968,840 |
| 11 Depreciation Expense | 833,748 | 783,421 | 598,727 | 638,649 | 975,574 | 692,802 | 726,198 | 1,133,632 | 1,505,337 | 1,932,233 | 1,424,641 | 1,538,764 | 1,813,591 |
| 12 Other Operating Taxes | 211,650 | 250,432 | 254,799 | 279,598 | 205,621 | 329,589 | 781,334 | 849,286 | 778,067 | 729,632 | 1,045,571 | 972,940 | 1,476,309 |
| 13 FTT | 173,500 | 188,836 | 244,633 | 246,485 | 229,092 | 354,004 | 148,381 | (88,699) | 154,390 | 220,609 | 258,263 | 326,601 | 0 |
| 14 TOTAL EXPENSES | \$2,592,373 | \$2,801,424 | \$2,770,881 | \$2,909,816 | \$3,263,590 | \$3,522,930 | \$3,894,520 | \$4,320,686 | \$5,110,276 | \$5,746,558 | \$5,708,770 | \$6,278,920 | \$6,930,538 |
| 15 NET OPERATING INCOME | \$771,908 | \$1,129,606 | \$1,210,842 | \$1,193,069 | \$1,475,758 | \$1,561,532 | \$1,952,632 | \$2,060,203 | \$1,934,909 | \$2,158,081 | \$3,029,921 | \$3,056,154 | \$2,963,004 |
| ADJUSTMENTS: | | | | | | | | | | | | | |
| 16 Inside Wiring NOI | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 17 Int. on Cust. Dep. | (1,367) | (2,546) | (2,111) | (2,493) | (2,783) | (3,225) | (1,853) | (2,314) | (3,928) | (4,015) | (3,648) | (3,411) | (4,169) |
| 18 TOTAL ADJUSTMENTS | (\$1,367) | (\$2,546) | (\$2,111) | (\$2,493) | (\$2,783) | (\$3,225) | (\$1,853) | (\$2,314) | (\$3,928) | (\$4,015) | (\$3,648) | (\$3,411) | (\$4,169) |
| 19 ADJUSTED NOI | \$770,541 | \$1,127,060 | \$1,208,731 | \$1,190,576 | \$1,472,975 | \$1,558,707 | \$1,950,779 | \$2,057,889 | \$1,930,981 | \$2,154,066 | \$3,026,273 | \$3,052,743 | \$2,958,835 |
| 20 RATE BASE | \$9,600,759 | \$10,819,462 | \$11,023,461 | \$12,096,003 | \$13,773,611 | \$13,340,693 | \$17,647,220 | \$17,065,998 | \$18,561,862 | \$20,541,468 | \$22,698,446 | \$31,425,525 | \$36,888,487 |
| 21 RATE OF RETURN | 8.03% | 10.42% | 10.97% | 9.84% | 10.69% | 11.68% | 11.05% | 12.06% | 10.40% | 10.49% | 13.33% | 9.71% | 8.02% |
| 22 FAIR RATE OF RETURN | 7.51% | 7.62% | 8.72% | 8.72% | 8.59% | 8.12% | 8.12% | 8.12% | 8.76% | 8.76% | 8.76% | 8.76% | 8.76% |
| 23 NOI SURPLUS | \$49,524 | \$302,617 | \$247,485 | \$135,805 | \$289,822 | \$475,443 | \$517,825 | \$672,130 | \$304,962 | \$354,633 | \$1,037,889 | \$299,867 | (\$272,596) |
| 24 RETENTION FACTOR | 61.84% | 61.84% | 61.59% | 61.59% | 61.59% | 61.50% | 61.50% | 61.50% | 61.50% | 61.50% | 61.50% | 61.50% | 61.50% |
| 25 REVENUE SURPLUS | \$80,084 | \$489,355 | \$401,827 | \$220,498 | \$470,566 | \$773,078 | \$841,991 | \$1,092,894 | \$495,873 | \$576,640 | \$1,687,625 | \$487,509 | (\$443,246) |